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IN THE MATTER OF The Public Inquiries Act being Chapter 258 of the Revised Statutes of Alberta, 1955; and

IN THE MATTER OF an Inquiry into the administration, management and financial affairs of the Lethbridge Central Feeder's Association Limited, and the general operation in respect to the participation of the members therein.

P R O C E E D I N G S

at a Hearing held before

HIS HONOUR JUDGE L. SHERMAN TURCOTTE

VOLUME XI

DATE January 13, 1965

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C. WHITNEY HENINGER, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q You are Mr. C. W. Heninger?

A Yes, I am.

Q And you reside in the City of Lethbridge, Alberta?

A Yes.

Q You were a member of the Lethbridge Central Feeders Association?

A Yes.

Q Now, Mr. Heninger, you were looking at some cards yesterday, in fact, your membership cards, when Mr. Williams, the chartered accountant, was explaining this document which is now marked Exhibit A-2--- Is this 25?

CLERK OF THE COURT: Yes, 25.

MR. WEIR:

Q 25. Now, Mr. Heninger, these series of entries that were explained to us, did any of them involve a cattle sale or purchase by you? Just the entries that were gone over yesterday.

A Not actually the movement of cattle.

Q No. Would I be correct in assuming that all of these entries that were discussed yesterday, and that you followed yesterday on your ledger card, at least the items that were marked in your ledger card, all of these items that Mr. Williams read out in court and explained in court, that are marked Exhibit A-25, would I be correct in assuming that these were simply

artificial transactions involving, well, what we could classify as simply an income tax maneouvre?

A Well, the understanding I had with Mr. Hatch, that they were supposed to be kept, and there was supposed to be certain animals.

THE COURT:

Q Supposed to be what?

A Cattle, and they were supposed to be a man's cattle.

Q A man's---

A That is, cattle belonging to the Central Feeders that I would purchase over a year end.

MR. WEIR:

Q But was there any risk on your part? Was there any risk of a loss?

A No.

Q Was there any expectation of a profit?

A No.

Q Did you ever experience any loss, or receive any profit from any of these transactions?

A No, no, I did not.

THE COURT:

Q And you didn't feed any of them?

A No, I just owned them.

Q You thought you owned them?

A Yes.

MR. WEIR:

Q But, regardless of what happened in the cattle market, you were going to get back from the Association exactly the same amount of money that you put in the Association the previous month or so?

A Yes.

Q So then, I would be correct, I presume, that these would simply be income tax manoeuvres?

A Yes.

Q Now, what conversations did you have with Mr. Hatch regarding these series of entries? To begin with, did you know that your money moved around in so many members accounts?

A No, I did not, sir.

Q Did you ever see these ledger cards which you examined yesterday, and saw in court, did you ever see those before?

A No, no, I never did.

Q Well, what conversations did you have with Mr. Hatch prior to your depositing certain monies, which are marked in Exhibit A-25, into the Association?

A Mr. Hatch indicated that if I needed any cattle for year end inventory he had cattle available and that was all that was ever said between Mr. Hatch and I.

Q Did he approach you first, or did you approach him first?

A That, I can't recall.

Q You can't recall?

A No.

Q Now, what conversations did you have with Mr. Hatch, after

you deposited these monies, regarding the cattle that you were supposed to have on your place?

A Well, I would give him this money and he would say, now, remember that these are Mehew cattle, these are on Mehew's place.

THE COURT:

Q Remember they are what?

A Mehew cattle.

MR. WEIR:

Q So you wouldn't have any cattle on your place?

A Not on my place, no.

Q But after you would deposit some money with Mr. Hatch, through the Association, Mr. Hatch told you to keep in mind the fact that you were supposed to have a certain number of head?

A Yes.

Q From Mr. Mehew?

THE COURT: On Mr. Mehew.

MR. WEIR: On Mr. Mehew.

THE WITNESS: On Mr. Mehew's place, cattle that belonged to the Association.

MR. WEIR:

Q Did you pay anything, whatsoever, either an amount of money, or a gift, to Mr. Hatch for arranging this for you?

A No, I did not.

Q Did you pay anything, or give any gift to anyone in any way

connected with the Lethbridge Central Feeders Association in order to accomplish this?

A No, I did not, sir.

Q And you are absolutely certain you had not seen those cards before yesterday?

A No, I hadn't seen them before yesterday.

Q Didn't it occur to you as being strange that when you were repaid some money, that is in the following year in January of the following year, didn't it seem strange to you that in some instances you would receive two cheques, rather than one cheque?

A Well, it never occurred to me, actually, I, Stu run a 3 to 5 million dollar outfit, and I thought the man knew what he was doing, and I didn't question him.

Q Well, let's just take one date. On January the 5th, 1961, you received two cheques. I don't know whether you received them on that date, but there were two cheques dated January the 5th, 1961, and one was in the amount of $18,582.88, and the other in the amount of $17,267.12.
You weren't alerted at all, you didn.t think that this was strange, at all?

A No, I can't say I did.

Q Did you mention anything about these year end, and the following year follow-up of these entries and the monies that you deposited and later got back from the association, to anyone connected with the bank, or anyone on the Board of Directors

connected with the Ashbridge Central Readers Association in order to accomplish this?

A No, I did not, sir.

And you are absolutely certain you did not seen these cards before yesterday?

No, I hadn't seen them before yesterday.

Q Didn't it occur to you as being strange that when you were repaid some money, that is in the following year in January of the following year, didn't it seem strange to you that in such instances you would receive two cheques, rather than one cheque?

Well, it never occurred to me, actually I, Sir, run a 3 to 5 million dollar outfit, and I thought the man knew what he was doing, and I didn't question him.

Well, let's just take one date. On January the 5th, 1961, you received two cheques. I don't know whether you received them on that date, but there were two cheques dated January the 5th, 1961, and one was in the amount of $13,592.[illegible] and the other in the amount of $17,267.12.

You weren't [illegible]

[illegible] range at [illegible]

[illegible] about these [illegible] on [illegible]

[illegible] cities and the [illegible]

[illegible] from the [illegible]

of the Association?

A No.

Q Did you mention this to anyone else in the office of the Lethbridge Central Feeders Association?

A No.

Q So, all of your dealings were with Mr. Hatch, involving these transactions?

A Yes. Of course, the cheques would come from Clifford Peterson, but we never discussed it.

Q Yes.

A He made out the cheques. We never did discuss anything.

Q And at the present time on this particular ledger card of yours which is marked, it looks like H15 to me, does that look like 15 to you, I think that's 15, it would appear that there is a nil balance on this particular ledger card. I believe this is the Non-Association Business ledger card, because there is no spot for marking in the cattle, obviously, and the other ledger card, H9, two other ledger cards, but both of which are not marked H9, there is a balance in your account of $5,183.35, is that correct? This is at October the 15th, 1964. There is this balance of---

A Yes, that would be correct.

Q So then, this would clearly show, together with the other parts of the cards, that you had other dealings through the Association, other than these dealings?

A Oh, yes. Oh, yes.

Q Yes. But you didn't look at your ledger cards prior to yesterday, even in connection with those ledger cards?

A I never---

Q Or, those other entries rather?

A No.

Q I have no further questions, Your Honour.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q You left the bookkeeping in connection with your investment in the Central Feeders to the officers, or the officials of the Central Feeders Association?

A Yes, yes sir.

Q And you have heard the rather complicated bookkeeping that Mr. Williams explained yesterday? You heard that?

A Yes.

Q And as far as you are concerned, as long as you got your money back you didn't care what happened in the books?

A No, I was unaware of any jumping around.

MR. PROWSE: No questions.

THE COURT:

Q You realize now that these balances were used, and actually were a complete loss to the Association, not your, your money wasn't a complete loss, but the figures were used so that, whatis the amount, 70---

MR. WEIR: 73,780 some dollars, I believe it is.

THE COURT: It ends up that that amount that you got the last year is written off as a complete loss?

A I realize that, now, Your Honour.

THE COURT:

Q Because some of the first entries were put into this cattle trading account as a debit, and never got out again?

A Yes.

Q Or credit, I am not sure which. Alright, thank you very much.

(WITNESS STANDS DOWN)

MR. WEIR: Your Honour, I have two very short witnesses that I would like to call before I call Mr. John Thiessen.

THE COURT: Alright.

MR. WEIR: Mr. Thiessen was here yesterday, but these witnesses will be very short.

Mr. Parker, please. Is Mr. Parker in court?

THE COURT: Anyone from Parker Electric, of Taber?

MR. WEIR: Mrs. Burrows.

Well, it looks like we go on with Mr. Thiessen then.

MR. MOSCOVICH: They are very short.

THE COURT: Wait a minute.

SPECTATOR: I was subpoenaed for court at 10 o'clock.

THE COURT: What is your name?

SPECTATOR: Eldon Tradden.

THE COURT: Yes, well, we will come to that, we can't hear everybody at the same time.

JOHN THIESSEN, having first been duly affirmed, examined by Mr. Weir, testified as follows:

Q And you are John Thiessen?

A That's right.

Q And you are from Coaldale?

A Right.

Q And your farm, I take it, is in Coaldale?

A It is three miles out of Coaldale.

Q Would you tell us how large your farm is, and the number of acres, the amount under irrigation, and so on?

A It is just an 80 acre farm. It is all under cultivation, and it is all under irrigation.

Q All irrigated and under cultivation?

A Right.

Q And would I be correct in assuming that your farming enterprise is predominantly a cattle operation?

A Yes, it is now, and has been for the last several years.

Q When did you join the Lethbridge Central Feeders Association, Mr. Thiessen?

A On June the 24th, 1957.

Q I am showing you ledger cards which have your name marked on them, involving entries of your transactions with the Feeders Association. Have you seen these ledger cards before?

A Yes, quite often.

Q How often would you see the ledger cards?

A Oh, every once in a while when I wanted to know what the score was I'd go and sort of hash over them with Cliff or with Stu. This never was done with too much time, but I have kept all my records, all my vouchers on cattle ever bought since 1957, and all cattle sold since the day that I started feeding.

THE COURT: May I congratulate you, Mr. Thiessen.

MR. WEIR:

Q Well, then you had a pretty good idea as to how much money you were making, then, or losing, on your cattle transactions?

A According to my books I knew what I was doing, but it just doesn't jibe with the rest of the books.

Q What do youmean, the rest of the books?

A Well, the Association books. I will show you a little more of that later on.

Q Well, let's just look at January the 3rd, 1961. According to the Association ledger, you have a credit, which is nice to see, in your account, of 17,000, it looks like, 501.51. You see this?

A What date is that?

Q This is January the 3rd, 1961.

THE COURT: Credit of---

MR. WEIR:

Yes, quite often.

How often would you see the lawyer

score was 147 go and [illegible] I will [illegible]
with Sun. This is [illegible] over time. but
have kept all my receipts [illegible] a racing car
bought since 1973, and [illegible] sold. [illegible] the day that
I started feeding

THE COURT: May [illegible] go, Mr.

[illegible]

MR. WEIR:

Well, then you had a great [illegible] from your money
were married, then [illegible] losing [illegible] American transactions?
could, in my [illegible] the [illegible] is a [illegible] got it just
[illegible] side with the [illegible]

Q. What do you mean, [illegible]

A. Well, the Associatio:

of that later on.

We, let's just look at January [illegible] 2nd, 1981. According
[illegible] Association ledger, you have a credit [illegible] with
age, in your account, of 17,000, it looks like, [illegible]
[illegible] see this.

[illegible] to it

Q You have a credit of, it looks like 17,500 and--- Oh, I am sorry, I am reading the wrong line. I beg your pardon, that's the previous entry.

$17,175.78.

A No. There is that Ray Johansen account mixed up with that.

THE COURT: Well, there is a $20,000.00 item that's not in the account at that moment?

A Yes.

THE COURT:

Q So, really, your a debit of $3,000.00, but without the 20,000 it shows a credit?

A Right.

MR. WEIR:

Q But, at least, according to the ledger card, as you see here, there is a credit?

A It looks good, yes. Makes me feel good for the time being.

Q Then the amounts start going up, as you see. We are into $40,000.00 in February the 28th, 1962. We have, in August, in fact, on August the 30th, 1962, another credit balance of $8,518.65. This is a credit, not a debit.

A No, but it is, there is still that $25,000.00 in the other account coming off of that, plus the interest. It's not quite run up to the 29,000.

Q Well, I am just looking at your ledger card now.

A Yes, okay.

Q Did you see this amount that I have just read out?

A Yes.

Q Now, turning over to the other page, the next page, we have, on September the 27th, a debit balance, this is September the 24th, 1962, there is a debit balance in your account of $62,984.54. You saw that item?

THE COURT: I make it 63, here, is that right?

MR. WEIR: Did I say 60--- I'm sorry, 63. 63,000, you better keep watching me here, I have been working in figures so long it is--- $63,984.54. Do you see that item?

A Yes, that's right.

THE COURT: Then there would be plus the 25, or 20, or whatever it is. Or, no---

THE WITNESS: No.

THE COURT: No, no, you have been credited this.

A It comes in later.

MR. WEIR:

Q And then, going over your ledger card, just to pick another date here, I see that on August, will you watch closely here, on August the 21st, 1963, the balance in your account is now a debit balance of $73,430.97?

A Right.

Q And it stays in the 70's on the following page, and I see in the one item on the bottom of the following page, November the 4th, 1963, it is $77,414.24. You saw that?

A Yes.

Q Now, moving over another page where we have, on May the 8th, 1964, the sum of $98,212.57.

A It's up as high as 17.

Q It's what?

A It's up, it's over that, $722.08.

Q Oh, $98,722.08, and the final entry that I see here, November the 16th, 1964, 40, is that 40?

A 40.

Q Yes, $40,905.54.

What was your authorized credit, Mr. Thiessen?

A It started out, I believe, with 10 or 15, and I think the highest I have ever had on my personal account was 25.

Q Now, how did you arrange, would you tell us how you arranged all of this extra credit? I take it you had discussions with Mr. Hatch. Would you tell us about these discussions?

A Do you want to know the Ray Johansen story?

Q Well, yes.

A I'd like to read it.

In the year of 1960 Mr. Hatch approached me as to the extra credit for the purchasing of feeder cattle. He said that Mr. Ray Johansen had $20,000.00 with which he would like to finance feeder cattle on the following terms. The finance charges would be at the rate of 75 cents per head per month for calves, $1.25 per head per month for yearlings, and $1.50 per head per month for two-year olds. This, at the price of cattle at that time, was somewhat higher than our

Association costs, but I agreed to this, the cattle were bought and charged to my account, and handled through the Association office. Then on May 31st, 1960 my account was credited with $20,000.00, this was transferred to the Ray Johansen account, then it was debited on January the 31st, 1961, to $21,149.59, again credited, $25,000.00, on April the 11th, 1961, again debited, $29,411.73, on August the 15th, 1962, again credited, $25,000.00, on October the 4th, 1962, then just at the date, or right around the date of the blow-up, maybe this is exactly on the 19th of March, 1964, Mr. Hatch, threw this account of $27,735.78 into my account.

This was the day of the blow-up, and I was hung up with two accounts of which I only feel responsible for my account, and will make every effort to repay it if it can be audited satisfactorily, as I have already discussed with Mr. MacLean.

So, that explains that story of my account jumping up and down.

I didn't think this was right. I could never figure out why my account should be credited, the cattle all bought in my name, it run away up and then he would draw it all out, and then it wouldn't be too long and he would throw it right back in again. This should have been two separate accounts, but this was his way of doing it, and I just---

Q Whose way of doing it?

A Mr. Hatch's, and I just left him do it, because he was

responsible for it. The reason that I didn't take any action against it was that it was always taken back out of my account, but what I have against him, at the date of March the 19th, he had no authority to throw it back into my account and leave it that way, and leave the country, as you might say.

Q Well, you were getting all of the cattle, though, weren't you? Weren't you getting all the cattle debits involving this high credit?

A Yes. But, do you follow me? When he told me that $20,000.00 was available to me he never mentioned that this was bank money. He said, Mr. Ray Johansen has $20,000.00 to invest into this.

Q $20,000.00?

A Yes.

Q Well, this 20,000, when added to what you thought, at least, was your authorized credit limit, amounted to how much money?

A 45.

Q And, yet you say that you have seen your account often, and you see how it got awful close to $100,000.00?

A Yes. Well---

Q Well, didn't you think that something was out of the ordinary, at least, at that time?

A I can explain a little bit of this later on, but as far as the rise of his account going up as high as 29,000, I was

under the impression that Mr. Ray Johansen had extra money, or had arranged with the bank to run his account up that high.

THE COURT:

Q Did you keep his cattle separate?

A No.

Q Well, how would you know, was it necessary, or was it, should it have been done?

A No. Mr. Hatch never said this was necessary.

Q No, but I mean, if this was a separate account, as you say, and if it should have been kept in a separate ledger account, should, then, you have kept some record of the cattle that you bought with this $20,000.00? Should you have mixed the feed, should you have mixed the, I don't know about feed, but should you have mixed Johansen's cattle with your cattle without some, oh, mark, or something?

A No---

Q Now, that is just a thought that struck me, I don't know whether there is any good reason for it or not.

A No, with taking on this extra credit I took the complete responsibility of, or the liability, you might say, of this account, because it was Ray Johansen's money to, in my knowledge, but later on it turned out that it was the bank's money, so I don't feel liable for this action, for that reason.

Q Well, where are Johansen's cattle, represented by the

$27,735.00?

A Well, they were there. They were on the place.

Q Well, when it finally ended up, you have opened up a new avenue, here, that I can't quite follow through. He put up 20,000, he put up 25,000, I think, the last item wasn't it, on October 4th, 1962, to buy a certain amount of cattle. Now, certainly on March the 19th, 1964, none of those cattle would be present, would they?

A Your Honour, what day was that?

Q You got the last 25,000 on the 4th of October, 1962. Now, we go a year, to October the 4th, 1963, and then we go November, December, January, February, March, we go 17 months after that last $25,000.00. Now, if, in truth, that $25,000.00 represented certain definite cattle which, I don't know, then certainly none of those cattel would be there on the 19th of March, would they, or would they?

A No.

Q They wouldn't, they would all be sold. Well then, shouldn't Johansen's account, then, be credited with your cattle sales in the meantime, if they were his cattle, and wouldn't his account be all paid off? Now, that's an argument, I don't know if it is a good argument or not.

MR. MOSCOVICH: I think it is very good.

THE COURT: Well, now, wait a minute.

MR. MOSCOVICH: That's the attitude I take.

THE WITNESS: Your Honour, may I explain it this

Well, when is Friedly [illegible] opened up a new avenue, here that [illegible] they chosen [illegible] up 20,000, helped up 40,000, [illegible] the last item was in October of 1964, to buy a certain amount of the 1964. Now certainly, Mr. [illegible] in 1964, some of those certain [illegible]

A Your honour, what day was that?

You [illegible] the last 25,000 on the [illegible] 1962. Now, we [illegible] a year, to October [illegible] and then we go November, December, January, February [illegible], we go [illegible] months after that last 25,000 [illegible] now [illegible] a week, that $25,000.00 represented certain [illegible] which, I don't know, then certainly more or those [illegible] would be there on the 10th of March, would they. [illegible] would they?

A No.

Q They won't? They would all be sold, [illegible] well then, [illegible] Johansen's account, then, be credited with your certificate? In the meantime, if they were his certificates, and wouldn't he [illegible] be all paid off? Now that's an argument, I [illegible] argument or not.

way?

THE COURT: Alright, go ahead. I am just throwing out that thought. I don't know whether I agree with myself or not, but it is just a thought.

THE WITNESS: It was, until January the 15th, there was a period there, I sold the last cattle just before Christmas, 1963, until approximately January the 14th, or 15th, my feedlot was empty.

THE COURT:

Q Yes, that shows here.

A And Mr. Ray Johansen's account was sitting with this 27,000 some odd dollars.

Q Yes.

A And at that time I was under the impression that Mr. Ray Johansen had absolutely no security whatsoever, against this account, and I couldn't understand this, because I thought it was his money, and why he would leave it that way I didn't know, either, but this is Mr. Hatch's business, and he wasn't worried, and I didn't know that that was the bank's money. Therefore, Mr. Ray Johansen was sitting there, or had left that account open, without any security, whatsoever.

Q That is, your argument, or your statement, then, is that when you turned the cattle back, if it should have gone to Johansen it was up to Hatch to credit his account?

A Right.

Q Well, if he had, then on the 19th of March you would have

owed all the money?

A Right.

Q Yes. Fine.

MR. WEIR:

Q I have a notation here, Mr. Thiessen, that you paid to Mr. Johansen three cheques that are, at least, charged to your account. One is a cheque in the amount of $1500.00, which is dated June the 10th, 1963. Another is in the amount of $1,282.50, which is dated February the 1st, 1962, and then another $1500.00 cheque which is dated February the 23rd, 1962, which are charged to your account, and cheques to Mr. Johansen in those three amounts.

A That's right.

THE COURT:

Q And then, in addition, the difference, there is some additional amounts in the transfers back and forth.

A Yes, this, altogether, adds up to somewhere in the neighborhood of $9,000.00, with back interest.

Q 9,000?

A Yes.

Q Mr. Johansen, I was under the impression, said something about 7,000.

MR. WEIR:

Q You are including the interest that you paid to the Association are you?

A No, no. This doesn't include bank interest at 6¼% on

money that has been in his account at any time. This is an extra interest that has been charged to my account at somewhere in the neighborhood of $4,950.00.

THE COURT:

Q And what is the other?

A The other one is direct charges to my account with the ones that you have mentioned, Mr. Weir, and the charges that I have later seen in Mr. Ray Johansen's account, as we have gone through with Mr. Williams and Mr. Jack Dogterom, are $7,652.26, plus back interest.

Q Well, his amount of 7200 is about correct then, so far as the amount of money he got, that he received?

A Yes, but at, on April the 12th, 1960, there was a forward into that account of $534.76.

Q I think we discussed that with Mr. Johansen.

MR. WEIR: Yes.

THE COURT: Now, whether---

THE WITNESS: What was it?

THE COURT:

Q Pardon?

A What was it?

Q Well, it was just a debit in his account which you paid.

A Well, I don't see where I am liable for it.

Q You're not, but you paid for it.

MR. WEIR:

Q Did you figure out, you were keeping books here, and you

money that has been in his account at any time. This is an entire interest that has been charged [illegible] account at somewhere in the neighborhood of [illegible]

THE COURT:

And what is the other?

A The other one is di[illegible] [illegible] my [illegible] with us does that you have mentioned, [illegible], and the [illegible] that I have later seen in [illegible] [illegible] so we have gone through with Mr. Williams at [illegible] [illegible], are $7,632.26 plus [illegible]

Q Well, his amount of [illegible] is about [illegible] as his amount of money [illegible], that he [illegible]

A Yes, but at [illegible] April the 12th [illegible] [illegible] into that account.

I think we discussed

[illegible] a debit in his account which you see where [illegible] liable for it.

[illegible]

indicated that you figured out your dealings with the Association, did you figure out approximately how much of an interest rate you were paying for this extra credit?

A Yes. This was discussed beforetime, and I believe this is the figure that Mr. Hatch used, because he had no idea, at all, of what cattle were in there, of RayJohansen, and what cattle were mine, and he has never asked for it, he never asked for an extra number on the brand, like, as Mr. Ray Johansen indicated last Wednesday, I believe it was. This seems to work out somewhere in the neighborhood of 9%.

Q 9%, in addition to the bank interest charged?

A Yes.

Q So that would be something in excess of 15% interest?

A It could run as high as 16, yes.

Q About 16% interest you were paying for this money?

A Yes. Not knowingly, of course.

Q Well, you told us that you examined your account, and these cheques are marked in your account?

A Oh, I just found out about this extra interest after March the 19th.

Q Oh, I may have misunderstood, I think you said that you examined your ledger cards quite often, or am I thinking of another witness?

A Yes, and the only thing that I have seen in my ledger cards is the figures that you have mentioned.

THE COURT:

Q Yes, but when the transfers back and forth came along from 25,000 to, what is it, 29, or 27---

MR. WEIR: 27, I think it was.

THE COURT:

Q And the other one was 29, wasn't it, April the 11th?

A Yes.

Q Wouldn't you, in your head, know that that amount was more than bank interest?

A Yes. I was under the impression that something along the line of cattle had been bought in his account, but I have never seen his account. This, to me, was none of my business.

Q I know, but you were charged with $29,000.00?

A Yes.

Q And you only were credited with 25, so that's $4,000.00 over a year and four months, which would tell you that---

A It's a difference of $4900.00.

Q Yes. Which would tell you that that is more than the bank interest, I think?

A Well, this---

Q 1500, yes, bank interest would be about $2200.00, wouldn't it, 6%?

A No, the bank interest alone on that---

Q 15 per year. $1500.00 per year on $25,000.00, isn't it?

A Yes.

Q Yes, 1500, and half, 750--- Now, you are charged with over

$4,000.00. That would tell you that was a lot of money.

A Yes. Well, that's not the only mystery in this whole deal.

Q Well, go ahead.

MR. WEIR:

Q Well, let me get back to the original understanding, now. The original understanding you had with Mr. Hatch regarding this so-called Johansen credit was what again, now? You were going to pay the bank interest---

A No, no.

Q You knew you were going to pay the interest charges?

A No.

Q Well, I am sorry---

A Use Ray Johansen's money and the only charges I was paying on this money was the monthly charges per head.

Q So, that you thought you were going to be paying on the money?

MR. MOSCOVICH: No, he told you at the commencement, 75¢.

THE WITNESS: Yes.

MR. MOSCOVICH: Go on.

THE WITNESS: The agreement between him and myself was, the only charges against this money would be so much per head per month, depending on what kind of an animal we bought.

THE COURT:

Q In other words, your charges would run from 150 to $300.00 a

month, depending on how much you had, on $20,000.00, at $100.00 an animal? If you took in $20,000.00 worth of calves at $100.00 an animal you would have 200 calves on hand to feed?

A Yes.

Q And at 75¢ would be $150.00 a month?

A Right.

Q And on 6%, is $1500.00 a year, or $125.00 a month. Now, do you say that Mr. Johansen was risking his $20,000.00 for an extra $25.00 a month?

A Right.

Q Do you think he would do that?

A No, no, it wasn't that. It was Ray's money, as far as I was concerned. He was getting 9%---

Q Oh, he---

A For putting his money into my feedlot.

Q I know, but he wouldn't have to, well--- Fine.

MR. WEIR:

Q Mr. Thiessen, you have indicated that you have kept a pretty close record of your own understanding of what was happening to your account, and you looked at the ledger card of the Association, then, I take it, you would have realized that in 1963 you had cash advances from the Association in the amount of $38,700.00?

A Right.

Q And in addition to that you had numerous supplies which were

month, depending on how much [illegible] is left, on a [illegible] as $800.00 an animal. If you [illegible] - [illegible] of calves at $100.00 a animal, you would have 200 calves on hand to feed.

Yes.

Q And at 75¢ would be [illegible] month?

[illegible]

Q And at 50¢ is about [illegible]

Q Do you say that Mr. [illegible] for an extra $[illegible] month?

A Right.

Q Do you think Mr. [illegible]

No, no, it was [illegible] was concerned. [illegible]

Q Oh, he---

A For putting it

Q I know, but he or [illegible] Mr. Wing?

Mr. Thiessen, you have indicated that you have kept a [illegible] close record of your own understanding of what was [illegible] to your account, and you looked at the ledger card of [illegible] associate. Then, take it, you would have realized [illegible]

marked to your account, as well?

A Right.

Q Now, I am not including the payment in 1963 to Mr. Johansen either, in those figures?

A No.

Q Now, what would you use this money for?

A For feed.

Q All of it would have been used for feed?

A Yes. Well, I can give you the breakdown on this.

THE COURT:

Q Well, if you are going to start at any year, Mr. Weir, how many years are you going to go over, and let's start at the earliest one and go ahead. Let's not jump back and forth.

MR. WEIR: I was just going to mention one other year, actually, Your Honour, 1962.

THE COURT: Well, that's fine. And you're mentioning which one now?

MR. WEIR: 1963.

THE COURT: Well, let's go back to 1962.

MR. WEIR: Okay. I have a total marked in here, and I am not going to guarantee the accuracy of this, the total, but cash advances of $50,900.00 for 1962.

THE WITNESS: No. $49,900.00.

THE COURT: Oh, there is a thousand missing, is there? I mean we are out a thousand dollars?

THE WITNESS: I don't know where.

[illegible] to your account, as well?

A Right.

Q Now, I am not including the payments in 1961 to Mr. Thompson either. In the e figures

A No.

Q Now, what would you use grain money for

A For feed

Q All of it would have been [illegible] or [illegible]

A Yes. Well, I can give you one [illegible]

THE COURT:

Q Well, if you are going to [illegible] a [illegible] you [illegible] Well, how many years are you going [illegible] earliest one and go [illegible] It is a [illegible] and forth.

MR. WEIR: I was just going to ask [illegible] other year, actually. Your Honor 1964

THE COURT:

[illegible] which are now

MR. WEIR: 1965

THE COURT: Well, let's go back to 1962.

MR. WEIR: Okay. I have a [illegible] to guarantee the [illegible] [illegible] of $50,000.00 for [illegible]

THE COURT:

Q Well, I mean---

MR. WEIR: According to this.

THE COURT:

Q There is a difference of $1,000.00?

A Yes, yes.

Q Well, have you got your amounts there?

A Yes.

Q 800?

A Yes.

Q 10,000?

A Yes.

Q 2100?

A Yes.

Q 8,000?

A Yes.

Q 6,000?

A Yes.

Q 6,000?

A No, 5,000.

Q July 31st?

A Yes, 5,000.

Q Well, anyway, that's where we are out. The other is 13,000, and the other is 5,000?

A Yes.

MR. PROWSE: Close enough.

MR. WEIR:

Q Well, we will accept your figure, then, of 49,900.

A Well, this is my figure, as well as theirs.

Q Yes, well, that's fine, we won't argue with you. It is approximately $50,000.00, in any event?

A Yes.

Q Now, in addition to that, there is, of course, the money that was paid and charged to your account, to Ray Johansen, those two cheques that we have referred to in 1962, and---

THE COURT: Feed of what, 17,000 some odd dollars?

MR. WEIR: I haven't made the total. Have you made a total---

THE WITNESS: Yes I have. I have the three years, the last year is broken up, and I also have them all figured out together.

Over the last three years my drawings were $95,600.00, and my total feeds for 62, 63, and 64, were $91,365.97, which gives me an average yearly difference of $1,411.34, which does not offset the bedding, or expenses, by any means.

THE COURT:

Q Well, now, counting in your feed, Mr. Thiessen, what do your advances amount to?

A $95,600.00.

MR. WEIS:

Well, we will accept your figure [illegible] or $9,000.

Well, this is my figure [illegible] we?

Yes, well, that's f[illegible] we'[illegible] [illegible] It

approximately $30,000 [illegible]

A Yes.

Q Now, in addition [illegible]

money that we'[illegible] paid and

Johnson, those two [illegible] [illegible] [illegible] [illegible] in

1962, and---

THE COURT: [illegible]

dollars?

MR. WEIS: [illegible] the total. Have

you made a total---

MR. [illegible]:

Yeers. the last year is broken up [illegible] I also have [illegible]

all figured out together.

Over the last three years [illegible] a [illegible] [illegible] $94,000.00,

and my total feeds for 32, 33, and 34 were $91,565.97,

which gives me an average yearly difference of $4,416,

which does not effect the bedding, or expenses, by a

Q Now, are those advances directly to you?

A Yes. That's not including anything that was paid out of the Association to any individual for feed.

Q Alright. Now, in counting up your feed---

A Yes.

Q Is that the feed that you have paid, yourself?

A No. Part of it, yes. Just the ones that I have grown on the place, market price.

Q Now, wait a minute. Well, let's go on, let's come to your figures in a few minutes. Let's take just the 1962. Is it correct that they paid out a little over $17,000.00 in addition to the $50,000.00, or $49,000.00, for feed? I will read you the two big figures. Mr. Orcutt, for barley, 6,176, and Mr. Orcutt, again, 8,910.

A Right.

Q So that would be 15,000. And then to Mr. Anderson, $415.82.

A Andrews.

Q Andrews. Well, those amount to about $70,000.00?

A I believe that's the big year, but over the three years it was somewhere in the neighborhood of 22,000 that they have paid out in feed and supplies, bringing it down to, I believe, $19,000.00 for feeds, and then the 3,000 averages out to about $1,000.00 of supplies per year. I paid out an extra $22,000.00 for supplies and feeds in those three years.

Q Yes.

MR. WEIR:

Q The average is somewhat lower by you bringing in 61, but 62 and 63, the average would be considerably higher, and these two years, 62 and 63, were the years where you were paying the money on the Johansen, at least the cheques are charged to your account?

A Yes, I didn't take 61, I took 64.

Q Oh, you took 64, too.

A Now, if you take the five years---

Q Oh, I beg your pardon---

A If you take the five year average, 60 to 64, the total feed bill was $144,391.26, and the total drawings were $142,968.17, which tells me that I didn't get $1400.00, $1423.09 short on my feed in the five years.

THE COURT:

Q Well, you mentioned a minute ago, did you charge your own feed into that?

A Yes.

Q And how much of that is in the total, roughly, I don't know.

A In 62, directly paid out to--- No, feeds charged, feeds that I have put up myself, were $1875.00, then in 1963 I got $8100.00.

Q That is that you drew on your farm?

A Yes. [illegible] If you sell it after

Q And charged to your cattle operations?

A [illegible] That is the big corn crop that we had. Then in 64 we [illegible] the corn crop, which was the biggest crop [illegible]

$11,390.00.

Q So, in your charges for feed in the three years you have put in about $21,000.00 that you didn't directly pay the money out for, you paid money out in drawing it, but these are the results of your own endeavors?

A Right.

Q Yes.

MR. WEIR:

Q In your calculations, did you, by any chance, average out 1962 and 1963? You brought in 64 here, well, 1964 pretty well closed down in May, anyway, did you average out the whole of 63 and 62? These are the two years that, from my study of your account, are two trouble years?

A Correct.

Q Where your account goes way out of hand.

A Well, I was running an awful lot of cattle. In 62, I think we run as high as 650 cattle, and we got considerably behind in our feed bill, and therefore, that froze the two years off quite a bit. Then in 1964 we put in an awful lot of feed that we never did get out, as you can see in the books.

THE COURT:

Q What did you do? Did you sell it afterwards?

A Pardon?

Q Did you sell it afterwards, or---

A The feed?

Q Yes.

A No, it was put in to the cattle, and the cattle went in to the Association, and I never got my money out.

Q Well, it was applied on your account?

A Yes. That's where the difference comes in.

MR. WEIR:

Q Did you have any other cattle on your ranch, other than the cattle which was charged to your account?

A Not since 1960.

Q So then, since 1960 all of your cattle were purchased and obtained by you through the Association?

A Yes, except for one lot. We fed one lot of 48 cattle, or 49, one died. 48 cattle were fed for the Holding Pens.

Q And these cash advances that I am particularly concerned about in 62 and 63, they were all used for either feed or for the normal routine operation of your farm?

A Well, it was for feed that I had grown, myself.

Q You didn't go on any expensive luxury vacations, or anything?

A I couldn't afford to.

Q Well, at least, this money, these cash advances were not used for any such purpose?

A No, they all went right back into the same cattle.

Q Did you use some of the cash advances to further improve your farm?

A Only what I have got for my feed.

Q But no new buildings, or anything like this?

THE COURT: Yes, he said, only for what I got for my feed.

MR. WEIR:

Q Only for what you got for your feed?

A Yes.

Q I see. But apart from that?

A No.

THE COURT: Well, what did you do with what you got for your feed?

THE WITNESS: Pardon?

THE COURT:

Q What did you do with what you charged for your feed?

A Well, that was money that I had to use to feed cattle.

Q Oh, I thought, Mr. Weir said, did you improve your farm with any of this money, and you said only with what I got from my own feed, as I understood your answer.

A Yes.

Q Now, what did you improve your farm, with this money, what improvements?

A You mean improvements?

Q Yes.

A Well, we put up a feedlot, and this involved a reservoir.

Q When was this done?

A The feedlot was put up in, we had bought approximately $1200.00 worth of supplies in the spring of 61, and then in the summer of 61 we took a loan of $3,000.00, on the

Government, in order to complete this.

Q Is that a Farm Improvement Loan?

A Yes.

Q Alright.

A And the lot was finished sufficiently to use for the winter of 61 and 62.

Q Yes, and how did you repay the Farm Improvement Loan? Out of the cattle sale?

A Out of the money that I have got for feeds.

Q Yes. Now then, you mentioned a reservoir. What about, when was that put up?

A I spent $160.00 on the reservoir and the clean job in 61, then in 63 we enlarged it to a cost of $418.00, of which P.F.R.A. paid $250.00, so that only put 300 and some odd dollars into the reservoir.

Q Would you say that your total investment in your feedlot would run about, not more than $5,000.00, or $4,000.00, or---

A The materials were somewhere in the neighborhood of 5, and the Farm Improvement Loan was 3.

Q Well, that's been paid off?

A No.

Q It hasn't been paid off?

A No, there is approximately $1900.00 owing on it.

Q Oh, I see. So, actually you have put in about $3,000.00 in cash in the feedlot, in materials?

A About two and a half, I guess.

Q Two and a half.

MR. WEIR:

Q Mr. Thiessen, I am showing you a contract which is dated March the 19th, 1964, with the Lethbridge Central Feeders Association. Is this your signature to this document?

A Yes.

Q And what is the acknowledged amount of cred which is mentioned in paragraph No. 4?

A 98,000. I believe that was filled in after I signed that though.

THE COURT:

Q Well, now, you believe, that is a serious thing to say, Mr. Thiessen. Do you know?

A Well, it surprised me when I looked at it, because I got that contract back later on and at the date of the blow-up Mr. Cliff Peterson and Ted came around, Ted Anderson, came around to have everybody sign those contracts because a lot of them hadn't been signed up, so they just asked for signatures, and I don't remember seeing that 98 on there, because my contract---

MR. WEIR:

Q Well, did you look to see what was filled in on the contract? Did you look, at all, that day?

A No, I don't believe that contract was filled in.

Q You are suggesting that on this day you can recall that this

amount was in blank?

A I believe so, because I know my contract was never over 25,000.

Q You have told us you have seen these ledger cards from time to time?

A Right.

Q And yet you---

MR. PROWSE: He is talking about his contract, not the ledger cards.

MR. MOSCOVICH: No, he is talking about the ledger cards.

MR. WEIR:

Q You saw the ledger cards before?

A Oh, yes.

Q And you realized that they were, at times, indicating quite a sizable amount---

A Right.

Q A debit balance.

A Right.

THE COURT: 90,000 or so is it, or 70?

MR. WEIR: It's close to 100,000 in certain portions---

THE WITNESS: Well, that's---

THE COURT: Well, take off Johansen's 25 and you've got 75.

THE WITNESS: Yes.

THE COURT:

Q Now, how could you justify 75 when the contract was, what is it, 20, 30, 40, whatever it was?

MR. WEIR: Do you---

THE WITNESS: Well, this wasn't our intention, by any means, to run it up that way, but all I took out is the bare necessities that we had to have to put money back into feed, and to feed these cattle, and according to my own records, if I could read you this later on, it shows a profit in most of the cattle, but in there it did not. Therefore, the thing kept creeping up.

MR. WEIR:

Q Well, before we move away from this particular item, are you suggesting, or did you suggest a few minutes ago that you saw that this item No. 4 was in blank when you signed it?

A I can't say for sure. It seems to me as though it was.

Q Well, I don't see any mark which indicates that any previous amount was erased here.

A No, no.

Q And so, you are suggesting that this must have been filled in after you signed it?

A It could have been, because I don't remember seeing the 98.

Q Well, did you look at all, that's the point?

A I believe I did.

Q You believe you looked and you didn't see any amount?

A I believe I did.

Q You believe you did. You believe you did look and saw no amount?

A Yes.

THE COURT:

Q Well, what reason did they come out on, what date is it?

MR. WEIR: March the 19th, 1964.

THE COURT:

Q Did they say why they were in a hurry on the 19th of March?

A No, they just said that Mr. Hatch wanted these signed up.

Q Didn't you sign the contract?

A Not that year.

Q Now, what do you mean by "that year"?

A Not in 1964. Sometimes our contracts were signed quite somewhat later than the beginning of the year.

Q Yes.

MR. WEIR:

Q Did you ask any questions as to what amount was going to be inserted in your contract?

A No, this was never a problem. You would never get more than what you, what your previous contract was, unless it was discussed and decided by the Board that they would give you a greater amount.

Q When did you receive a copy of this contract?

A Not too much later than the date that I signed it.

Q And what did you do when you received a copy of the

contract?

A I believe I noticed the 98, alright. It seems to me, as though, by putting that 98 in there, now, I might be wrong, but it could be that Mr. Hatch wanted to cover up my account with that, and say that I had that much credit.

Q Well, when you saw the $98,000.00 marked on the contract when it was delivered to you shortly after March the 19th, 1964, did you complain, at all, to anyone, about it?

A No.

Q You didn't?

A No.

Q No further questions, Your Honour.

THE COURT: Just a minute.

MR. MOSCOVICH: Just one question. I think Mr. Thiessen would have been well advised to have had counsel.

THE COURT: Oh, I don't think so.

MR. MOSCOVICH:

Q Mr. Thiessen, there is just one item, on February the 15th, 1964, you owed the Association $30,109.37?

THE COURT: That's February the 21st?

MR. MOSCOVICH: February the 15th.

THE WITNESS: 15th.

MR. MOSCOVICH: 15th.

THE WITNESS: Here, anyway.

THE COURT: Oh.

MR. MOSCOVICH: On February the 21st, Your Honour---

THE COURT: Oh, yes, he got 7,000.

MR. MOSCOVICH:

Q There is a cheque made to you personally.

A Right.

Q In the amount of $7,000.00, which increased your indebtedness to $37,109.37?

A Yes.

Q I am just curious to know what you did with the 7,000? Did that go into feed, as well?

A Yes, most of it, outside of what was for my own feed.

Q I am not going to bother. Thank you very much.

THE COURT: Have you---

MR. LEITCH: No thank you, sir.

MR. PROWSE: No, Ihaven't anything, sir.

THE COURT: If you want to say something more, Mr. Thiessen, go ahead.

THE WITNESS: Well, I was going to give you my story before I started, and then I have a few beans to spill, if I may.

Being convinced of irregularities in many of the affairs and dealings in the Association, I have also signed the petition with some 70 members, welcoming this judicial inquiry. By doing so I had also hoped to have my own account corrected and receive credit for unauthorized deductions of which some were mentioned at last Wednesday's hearing.

I joined the Association on June 24th, 1957, and have been very sincere in my feeding operation, trying my utmost to make it a success. During the course of my feeding period I have made every effort to cut costs of operation by mechanization, cutting labor costs and balancing the feed ration for more efficient feedings in which Dr. Hironaka, Animal Nutritionist of the Lethbridge Research Station, was most helpful, also in sampling a number of feeds such as alfalfa hay, corn silage, and feed grains.

I've run a number of tests as to daily gains and cost per pound of gain. For example, one carload of steers weighing 700 pounds gained 2.96 pounds per head per day for a period of 90 days.

THE COURT: No, no, sit down Mr. Weir, this is the first man that has come here with any show that he has any faith in the Experimental Station at Lethbridge.

MR. WEIR: Your Honour, I had no intention of stopping him, I was just checking to see how many pages, I was going to suggest that, perhaps, since he is reading so quickly, that the Court Reporter might have access to what he is reading later, to assist him.

THE COURT: Do you mind giving that to the Court Reporter after, Mr. Thiessen?

THE WITNESS: No, if I can get it back.

THE COURT: Oh, certainly.

Now, Mr. Thiessen, I don't like that statement. We have

hundreds of exhibits here, which will all be returned.

A Oh, well, I didn't know that. I wasn't saying this sarcastically, Your Honour.

THE COURT: Go ahead.

THE WITNESS: For example, one carload of steers weighing 700 pounds gained 2.96 lbs. per head per day for a period of 90 days. 48 big steers fed for holding pens to a high finish (on American fancy) gained 2.8 lbs. daily, at feed cost of 43½¢ per head per day. Cost of gain was 17.35¢ per pound of beef. These tests showed some profit even if the price spread was not always in our favor. Most cattle showed a profit, according to my records. The average death loss was approximately 1%.

I've grown a lot of high tonnage roughage crops during the last years but I bought all grain feeds. The system I used was to carry the cattle as long as possible on my own, then get an advance on them to pay up the feed bills. I have a complete record of all vouchers, cattle bought and sold from the first day that a cleaver branded animal entered our yard in 1957. Also all feeds recorded and receipts for the same. Since 1958 we've kept a complete record of our personal cost of living, which has been a meager one.

Now, balance of my records.

During the last three crucial years my total income from the Lethbridge Central Feeders filed as cheques receivable

with the District Taxation Office, amounted to $95,600.00 over against a total feed bill of $91,365.97, which I can verify and show a receipt for. This gives us an average yearly difference of $1,411.34. Then beef not sold through the Association during the last three years as shown on my records averaged four animals per year, plus five calves dressed out by city packers for shipping fever, as a result. These differences aren't enough to offset the cost of straw or bedding, depreciation on corrals, on equipment, cost of grinding, mixing feeds, veterinary bills, electricity, maintenance of water system, etc., and far from receiving anything for my work. This sounds bad, but then to face a big deficiency to my understanding is an impossibility.

There is just another test here of steers bought, September the 15th, at---

THE COURT: What year?

THE WITNESS: I can check back, but I think this is 63.

THE COURT:

Q What is the amount? How many steers, and what is the amount?

A No, this is just a test.

Q No, but how many steers are you running the test on?

A I believe it was 54 steers.

$246.28 purchased, sold at $321.22 giving a difference of $74.74. For 90 days the feed was $39.60 at 44¢ per day,

giving a profit of $35.14.

Now, from my statement, as I have been told at the Central Feeders, according to the ledger accounts, after this thing wound up, was $40,205.54. Then, this is with Ray Johansen's account thrown into it, deducted that from that of $27,735.00 from that amount gives us $12,469.76. Then I have a credit coming, I believe, of $4500.00 for reserves that have been in there for a number of years, and we have had no interest on it, at all, which went into the general fund. This leaves a balance, of myself, owing $7,969.76, which, I believe, is not justified.

Then, I'd just like to make one more comment here. During these inquiry days we have heard a number of comments in regard to the vote of confidence given to Mr. Hatch---

THE COURT: Well, I don't want your opinion on that, that is for me to, unless you are speaking about facts. If you've got any facts, give them to us. We can't get into arguments, you see, here, about what has gone on. That is presumed to be my job, is to come to a conclusion after the facts have been made.

THE WITNESS: Well, Your Honour, I can't speak in the name of the Feeders, eh? A number of feeders have approached me on this.

THE COURT: If you want to do that on, when is the day, Friday morning?

MR. WEIR: Or Thursday afternoon, Your Honour.

THE COURT: Thursday afternoon. If you are here Thursday afternoon or Friday morning, whenever we reach it, we will provide you a chair next to Mr. Weir, or Mr. Prowse, or in between, and you can then speak on behalf of the feeders. Is that agreeable?

THE WITNESS: I'll think about that.

THE COURT: Well, you see, the point is, there is a difference between argument and evidence. Evidence we are taking now, argument we are going to hear, or submissions, argument isn't a good word, but submissions from different points of view. Mr. Moscovich is going to submit a point of view for his client. Mr. Leitch is going to submit a point of view from the auditor. Mr. Prowse is going to submit a point of view from the bank, and if you are going to submit a point of view from a certain number of feeders I most sincerely welcome you, and wish you would be here.

MR. PROWSE: I think, Your Honour, the only point he wished to bring out, I think, was in answer to some of this evidence given yesterday, that the cause of this was the drop in the beef price. Now, he wished to make one comment on that, I think.

THE COURT: Well, if you wish to, have facts and figures on that, well and good.

THE WITNESS: Okay.

THE COURT: But in addition, I certainly would like you to be here and make whatever statements you like, because, as you know, we haven't anybody representing the Feeders Association here. They haven't got any money to have anybody here, and you can't ask somebody to come here three weeks and sit here free of charge, as you can see. Go ahead, if you have something on drop in prices.

THE WITNESS: No, I will leave that out. I have some errors here that I would like to point out. These are facts.

THE COURT: Alright.

THE WITNESS: On February the, or, I'll take this other one first, in 63. In September the 17th, in 1963, I received 17 cattle onto my place for $3,442.97.

THE COURT:

Q How much?

A Pardon?

Q How much is the amount?

A $3,442.97.

Q Yes.

A 17 cattle. Now, we were used to taking the purchases, or the vouchers, at face value. We just took the word of the salesman for it. I happened to ask the truck driver, just casually, where these cattle came from, and I did find out. Then I went to check with this farmer that had sold these cattle, and asked him the question.

He says, "What did you pay for them?" I said "24¢". He said "That's impossible". He said "I got 24 for them." "Well", I says, "There is something wrong." I says, "I wouldn't get them cheaper than what you got for them". This is not a profitable way of working. So, he says, "What did you find in the weights", and we compared weights and we found that the cattle that I weighed, when they came onto my place, were billed in at approximately 40 to 50 pounds more than what he got paid for.

Q Well, now, just wait a minute, and we will check that. Holding Pens. September the 17th.

A 1963.

Q And who did you buy them from? I mean, who was supposed to have sold them to the Holding Pen?

A Mr. Voth.

Q Give me that cross entry there in 1963, No. 905, the settlement number. Let's have a look at them.

Now, the weights, Mr. Thiessen, in the Holding Pen records are that they came in to the pens at, 16 of them came into the pens at 12,980 pounds at 24.50, and then went out to you at 13,380 at $24.00, and somebody has drawn a balance through that, it's a little difficult to understand, but in any event, those 16 show a profit to the Holding Pen of $31.10.

Now, the other one, the other steer was weighed in at the Holding Pens at 805, and weighed out to you at 830. So it

grew overnight 25 pounds, apparently, unless it was in there for some time. Might have been, might have been on feed.

A Overfed.

Q Mr. Voth received 22.50 a hundred weight, and you paid 22, and it came out $1.48 profit to the Holding Pens.

A That's right. Plus---

Q What?

A Plus commission.

Q Well, yes, the usual commission, and so forth. Now, that's a thing that I asked Mr. Sucher when he was on the stand, under what conditions profits were made, and other conditions losses were made, and in most conditions the weights and the price were the same, and he said he received his instructions, I think, I am speaking from memory now, he received his instructions from Mr. Hatch, but I think you will find that the difference in those weights is the 3% shrink. They paid Mr. Voth on the shrink basis and sent them out to you on the gross weights. Would that be about right? I found that so often in the Holding Pens, and the selling.

What would a 3% shrink on 13,000 pounds be?

MR. MOSCOVICH: 400.

THE COURT: About 400?

THE WITNESS: 400 pounds.

THE COURT:

Q And that's what it is, 400 pounds difference. So, they were making, if you go through this book, especially in

the fall of 1963, you will see time and again where a profit has been made, here is another one put out to Mr. Milner from, the animals were bought in Cardston, and there is a profit of 74.82, but that's a difference in price. They were brought in at 15.58 and sold at 17. Now, this is the organization, the Holding Pens, that is not supposed to make a profit on the members.

Now, there is the odd case where they took a loss. Here is another profit. Now, another thing, of course, I think somebody suggested to me that sometimes this profit is not real, because they paid Mr. Melhoff, and other people, 25¢ a hundred for spotting these cattle. Now, I don't know about Mr. Voth's cattle, whether they were spotted or not. There is no---

A I doubt it.

Q There is no payment of spotting charges marked on the side where they are usually marked, in here. You see, the next one here, paid Melhoff 25¢, paid Pete 25¢, Melhoff 25¢, but not in yours. So, have you any other incidents?

A Well, I had checked several others that have come from Medicine Hat. We run them across the scale, in spite of the fact that it wasn't welcomed, that we found that cattle bought over there, I have one here, I have not the slips with me.

Q What is the date?

A I believe I destroyed the second slip. On February the 24th

there were 124 cattle bought.

Q What year?

A 1964.

Q H.E. February the 24th?

A Yes.

Q February the 24th, alright. Now, who did you buy these from?

A Holding Pens.

Q And where did you think they came from?

A From Medicine Hat.

Q How many did you buy?

A 124.

Q Did you buy some from Watson and Melhoff at the same time, do you remember, on the 24th? Holman, 30?

A They could have been in, came in from the Hat on a few loads, but they all came from the Hat, and out of---

Q I think you must have the date wrong.

A No.

Q What about your, what does the ledger card show on February the 24th? As purchased?

MR. WEIR: It says, Holding Pen, Woolley.

THE COURT: How many?

MR. WEIR: 5,000---

MR. PROWSE: 734---

MR. WEIR: It says 42---, oh, one just above it is 124. It says Holding Pen, $6,980.27.

THE WITNESS: That's right.

MR. WEIR: That is the one he is referring to.

THE COURT:

Q You haven't got your voucher with you?

A No.

Q And you haven't got the number?

MR. WEIR: Here is the number.

THE COURT: What is it?

MR. WEIR: 1728.

THE COURT: Yes, that is the marketing, the Central Feeders number. The end of March. Well, all I can suggest, Mr. Thiessen, is that those animals didn't go through the Holding Pen.

THE WITNESS: Yes, they did, that is where I double checked them. I ran them across the scales in the Holding Pens.

THE COURT:

Q I know, but they did not go into the records in the Holding Pens, because the only animals in the Holding Pens in February, so far as you are concerned, are 120. Did you say 120?

A 24.

Q Well, there is 120 steers here on the 22nd, and they came from C. D. Watson.

A No, I think they are from Woolley.

Q Well, they are marked from C.D. Watson, and he got the

cheque. Who was C. D. Watson? That's the gentleman, that wouldn't be the gentleman that was here the other day?

A No, he's got no cattle.

Q Well, I can look up the settlement, 982, invoice 1170. Now, that weight is what, what did you weigh them out at?

A I just got the difference written down here, of 22 pounds short of the weight that they were bought, and they were fed and watered overnight, and they didn't gain back their 3% shrink on what they were bought at.

Q Did you get some heifers the same day? 33, or, no---

A No.

Q No. Two steers.

A No, that's the only cattle that I---

Q 120 and two, how many, altogether?

A 124.

Q Yes. Here they are. They are all Watson cattle, 120, and 2, and 2, and the weights are all shown the same.

A Is Watson in Medicine Hat?

Q Pardon?

A Is Watson in Medicine Hat?

Q Oh, I don't know where Mr. Watson is from, unless we look up the Holding Pen settlements on the--- And I don't think I have that in February, I think, I am sure we haven't that record here, Mr. Thiessen, but certainly, if you wish to, you can go down to the Association office and have a look at the settlement and see the weights, and I think, again,

you will probably find that there is a difference in, maybe shrink.

A No---

Q But you are charged with the----

A At the time I bought them from Mr. Nielson, I made the deal with him, I put them across the scales and I showed him the difference of 22 pounds per head---

Q Per animal?

A Per animal short. "Oh", he says, "That's a normal shrink." Well, that works out to 5.50 per steer.

Q Well, that's $600.00---

A Yes.

Q How much should there be?

A Nothing, because if they can't, that 12 pounds, you've got a 400 pound animal, you buy him at a 3% shrink, he weighs 1200 pounds when you bought him, but you got credit for the 3%, so they come to Lethbridge, they should still weight 388 pounds, and they didn't.

Q Oh, and in addition to the 12 pounds shrink there was another 20---

A Right.

Q What did they weigh, it would be 20 some odd pounds less---

A 22. Now, regardless of whether they had been bought at 3% shrink, or if they had been bought full, if they had been bought full, then when they come to Lethbridge they should still weigh 388 pounds.

Q Well, when you figure out exactly what these weigh---

A No, I am just taking the figure 400 for a figure.

Q Oh, for a figure, eh.

A I'd have to check back in the voucher what they weighed exactly, but they were right around 400 pound animals.

Q Have you taken a note of that Mr. Weir, so we can check that?

MR. WEIR: Well, the Court Reporter is taking every word he said down.

THE COURT: I know, but it will be several weeks before we get that. Will you give those figures again to Mr. Weir, so we can check it? What date?

THE WITNESS: February the---

THE COURT: 24th.

MR. WEIR: 24th.

THE WITNESS: 24th.

THE COURT:

Q And 124 animals?

A Yes.

Q And you thought they came from Lethbridge?

A I was told. Where they come from I wouldn't know.

MR. WEIR: I will look into that.

THE COURT: Alright. And the livestock and price control book of the Holding Pens show that they came from---

A Watson.

Q Mr. C. D. Watson.

Fine, is there anything else now?

A No.

Q Well, I certainly invite you back, Mr. Thiessen, either Thursday or Friday. We can use all the assistance we can get to see that we can come to a conclusion. I have a few questions here, if I can get down to them here.

MR. WEIR: Your Honour, in view of the time, would you like to call recess?

THE COURT: Oh, yes. Would you mind waiting a few minutes, and we will break for 15 minutes.

(FIFTEEN MINUTE ADJOURNMENT)

THE COURT: Mr. Thiessen, you are still under oath.

Q During the recess I checked with the office and I find that these cattle that you are referring to came from Maple Creek, and that Mr. C. B. Watson of Raymond is a cattle dealer, and he apparently purchased these cattle in Maple Creek, and the weigh slips are attached to the settlement with Mr. Watson, and they are punched by a scale in Maple Creek, so if you wish to, you could go down and have a look at them, and check them, and on the invoice to Mr. Watson there are 73 steers on a net weight of 38,850 pounds, and no shrink shown. On 47 steers there is a gross of 26,475, and a net of 25,680, which is a 3% shrink. On the two steers there is a 1,320 pound net, and on the other two

steers there is a 1,340 pound net weight. No gross weights.

Now, those weights are exactly as shown in the records of the Holding Pens, as being settled on that basis with Mr. Watson, and as being charged out to you on your settlement, or invoice. So, so far as the Association, itself, is concerned, there is no doubt that those cattle were charged out to you exactly what was paid by the Association to Mr. Watson.

A Your Honour, this only tells us that those cattle were bought awfully full.

Q That's right. Maybe, maybe.

A In any case, it was a terrible buy, because you can't have cattle not gain back their weight.

Q Well, someone has suggested to me that in addition to an ordinary shrink of, say, 3%, that on the trucking, on trucking from Maple Creek to Lethbridge---

A Yes.

Q There may be, if they have been on some feed before they were bought, in Maple Creek, that there may be a further substantial shrinkage, which you regain in a day or two after you start feeding again. Is that correct?

A Yes, yes. But they were trucked in the day before, they were overnight in the Holding Pen, fed and watered back all night until, I think I weighed them the next morning about 11 o'clock. They had lots of time to fill up, they were settled.

Q Well, you weren't charged for that feed and water then

steam shore is a 1,300 pound net weight.

Now, those weights are exact as shown in the records of the Holding Pens, as points settled or that basis with Mr. Watson, and as over. Question put to you on your estimate or invoice. No, I let as the [illegible] itself. There is no doubt that those cattle were charged out so with exactly what was paid [illegible] station to Mr. Watson.

A Your Honour: [illegible] is that those cattle were sampled awfully full.

That's right.

Read before they were sampled, in maybe [illegible] there may be further substantial shrinkage when you travel in a day or after you start feeding again. Is that correct?

Yes, yes. But they were sampled in the day before, we were weighing in the Holding Pen, fed and watered by the world. I think I weighed them the best way I knew. They had been of time to [illegible]

were you?

A Well, I wouldn't mind paying for the feed and water if I could get the 22 pounds back.

Q Alright. Well, that's the information that I have been given, and you can check those books.

Now, did you, during the course of these operations, at one time live in Lethbridge?

A Yes.

Q At 1139 Lakeway Boulevard?

A Yes.

Q Boulevard, or one of those terrible streets out there where you can't find yourself. How long did you live there?

A About six months.

Q Just six months. And that was in 19--- What, 61, 62?

A 62.

Q What would you be living in town for? It's really none of my business, but I am just wondering?

A That was the only year that we had a man on full time.

Q Yes.

A That was the year when we went into more cattle, and we had enough cattle to occupy a man full time. We had no extra house on the place. We had a very good hired man. We put him in the house, in our own house, the only house on the place, which is an old dwelling.

Q Is that the, I have some pictures here, that would be---

A The present dwelling on the place.

I wouldn't [illegible] for the

I could get the [illegible]

Q Alright. Well, I'll take the [illegible]

given and you [illegible] those books

Now, did you, during the [illegible] of the

time live in Lethbridge

A Yes.

Q At 1119 Lakeview Blvd [illegible]?

A Yes.

Q Boulevard, or one of those [illegible] streets and then where

you can't find [illegible] on long [illegible] "[illegible]"

A About six morning.

Q Just six morning. And it was in 19[illegible] [illegible], 61, 62?

A 62.

What would you be living [illegible] own [illegible] It's really [illegible]

of my business but [illegible] in the [illegible]

That was [illegible] only year [illegible] we had a man on full time.

Yes.

That was the year when we were into more [illegible], and

[illegible] enough [illegible] to occupy a man full time. We

had houses on the place. We had a very good [illegible]

[illegible], in our own house,

an old dwelling.

[illegible] pictures here, that was

[illegible]

Q That would be it there, on---

A Yes.

Q Near the reservoir?

A Yes.

Q That's it, eh? Fine.

A And, so we lived in town, we purchased a house for a down payment, I believe, of 1200 and some dollars, and we got a chance to sell it. We sold it again for the same price, we didn't lose any money on it. We lived in a rented house for the remainder of the time, for $50.00 a month, and moved back to the farm, which involved only a few hundred dollars extra, rent, you might call it, for that time.

Q You don't believe it costs more to live in the City than in the country?

A Well, it does a little, yes, but the way we lived it didn't cost very much. And this was the year when we took a check on 412 calves that we fed that winter, and I kept track of all the feed, and we figured it out with Mr. Hatch, he has still got his handwriting of his figures at the back of one of my statements, and the calves averaged us, that winter, $24.00 and some cents, profit, and this just didn't seem to, I says to Mr. Hatch, "Now, where does this come in, in the books". He says, "I don't know, but you are just not making money, that's all."

Q Well, of course, during these last three years there has

been a rather wide spring, not spring, swing in prices, is that not true?

A Yes.

Q For example, in 1961 you were selling steers from 20 to $22.00 in January. And in the fall you were selling them for between 20 and $21.00, or something like that?

A What spring was that?

Q The spring and fall of 1961.

A Yes.

Q Then your purchases ranged about the same, in the same range. Your purchases of steers, 22.50 in the spring, 22.50, $23.00, some of them, 20 to 23, your heifers at 20.75, some of them, 18¼, and then in the fall you were buying steers at 23.64 and 23.50. Now, that's in 1961.

Now, in 1962 your sales went up to, in the spring, of course, they would be roughly down from around 21, or 23 for the steers, 22.50, and then gradually in June they are up to 25.26, 24.50, and then in August they are going up, 26.15, the end of August they are up to 27, and finally in November they got up to $28.00?

A Right.

Q Now then, there is no doubt that you would make a very substantial profit on the purchases you made in 62 and sold in 63 on the gain in price, even without the feed.

A Yes, Your Honour, I was talking about cattle bought in 61 and sold in the summer of 62.

Q Alright. Now, I am carrying on from there.

A Alright.

Q And then you buy in 62 and sell in 63, you make a substantial profit, you can't help but---

A Right, right.

Q Alright. Now then, you buy in 62, and in the fall you are paying for steers, in September, those 124 steers, at 25.67, 25.66, 25.59, 26.41, and then they start to go down in December, and you are buying them for 23 and 24, but when you come to sell those steers in 63, in the spring, of course, you are still selling for not too bad a price, 24.75, in May, 22, in July you are getting $26.00 for 79 steers, and 55 steers, and 64 steers, so you shouldn't have lost any money there, but then in the fall, in December and November the steers have gone down to 22.65, and 20.50, 19.94, 21.08, and 20.58.

So, unless you put on a big gain you are not going to make very much money on the steers bought in the fall of 62 and sold in the fall of 63, are you?

A No.

Q So you probably lost some money?

A But we made more than we lost.

Q Well, that's fine. Now, in the fall of 1963, you say at, you got out of cattle. There was a time there when you were out, in the winter of---

A Just before Christmas.

Q Just before Christmas. Alright. Now, in 1964 you bought $52,789.00 worth of cattle, 403 head, and you sold 397, so you only lost six head?

A Right.

Q And you got $75,000.00. So you had a gross there of $23,000.00, right?

A Yes.

Q Alright. But, Mr. Andrews $14,878.00 of that, didn't he?

A Andrews?

Q Andrews, or Andrews---

A Oh, yes.

Q Yes.

A For grain.

Q He got 4,000, he got 5,000, and he got 5,878.

A Right.

Q Which is $14,878.00?

A Yes.

Q And you got $7,000.00?

A Yes.

Q So, there is $22,000.00 out of $23,000.00, and then your interest on that, during that time, in 64, amounted to $3100.00?

A Right.

Q So there is no doubt you lost money on those---

A On the '64 steers.

Q '64 steers.

A Yes. Your Honour, the '64 feeding program was pretty well forced on me.

Q Why?

A I didn't want to feed them, but Stu says, "You've just got to fill up because you're deficits are so high." So it was just pretty well a forced feeding deal.

Q Well, you don't have to take people's advice unless you, as a cattleman, and you have to make your own decisions, don't you?

A Yes, but you can see the predicament a man gets into when he gets involved in something like this.

Q Well, there is just another, one question. Your credit was what, 20, or 30, or 40?

A 25---

Q 25. And Mr. Johansen's was 20, that you thought, or 25?

A 20.

Q So that your total would be 45, counting the two, is that right?

A Yes.

Q I am just wondering what you thought when, in 62 you sold within $8.00 of $160,000.00 worth of cattle, and in 63 you sold $195,000.00 worth of cattle. How could you, in your mind, justify, or relate, or correlate the idea of these two contracts at a maximum of 40, or $45,000.00, and sales of nearly $200,000.00 in 1963?

A But it was never that high at one time.

Q Oh, I know, but split it, split it in two. Say that you had two complete feeding operations?

A Yes.

Q Winter and summer, and that's still $98,000.00 of sales. How could you, in your mind, not realize that there was something wrong if everybody was doing what you were doing?

A Well, I knew there was money going somewhere, but I couldn't figure out who was getting it, or how it was getting out.

Q No, I am not worried about where it was going, all I am talking about now are your own sales, which amounted to approximately $200,000.00 in 1963. You sold those cattle, or you delivered them to the Association.

A Yes.

Q And you only had, between you and Mr. Johansen, $25,000.00 in credit. Now, even supposing you had two complete feeding operations, six months each, which you didn't, that would still only give you $90,000.00, should have only been $90,000.00, shouldn't it?

A Yes. Well, I was, as far as I was concerned, I was responsible to Mr. Hatch, and as long as he put the cattle out there at the number, or shall we say, the size of the program that we had, this was the only way that we could see that we could work our way out of it. We couldn't cut away down, say, under the 3 or 400 head to---

Q Yes, but you sold 800 head in 63?

A Oh, not at one time.

Oh, I know. [illegible] in two. Say what you had two complete [illegible] one [illegible]?

A Yes.

Q Water and summer, and that will [illegible] of sales for [illegible] New York, in [illegible] and [illegible] there was something wrong. It was only [illegible] doing what you were [illegible]?

A Well I knew [illegible] in [illegible] eye, but I [illegible] figure out who was selling it, or how I was getting out. [illegible] was [illegible] while [illegible] was going. All I am talking about now are [illegible] sal [illegible] which amounted to approximately [illegible]

[illegible] operation. [illegible] would [illegible] only been [illegible]

Well, [illegible] was, as far as [illegible] was concerned, I was [illegible] to Mr. Hatch, and as long as he put the [illegible] out [illegible] as the number, or shall we say, the [illegible] of [illegible] we had, this was the only way that [illegible] that we could work our way out of it. The odd [illegible] under [illegible] 2 or 100 [illegible] [illegible] good [illegible] in [illegible]

Q No, but altogether, from January 14th to December 13th, the sales amounted to 119 heifers and 681 steers, which comes out to exactly 800 head.

A Well, as far as the amount of cattle, or the amount of times to turn these cattle, was at our own discretion, wasn't it?

Q Oh, yes, but I am suggesting that you wouldn't turn them more than once, or, I mean, twice.

A Twice.

Q Twice.

A Yes.

Q And then you are about double over your, both Mr. Johansen and your own credit limit, which, if everybody had done that the Association would have been a $10 million operation instead of a 5.

The other thing I was going to ask you, Mr. Thiessen, you knew this was a co-operative, did you not?

A Right.

Q And you were a member of the co-operative?

A Yes.

Q Did you know anything about the Government guaranteed co-operatives on feeding?

A Where does that come in on the contract?

Q Well, there are a large number throughout the province. Did you know anything about how they operated?

A Oh, I can't say.

Q You can't say. The thing that is in my mind with reference to that, is that they were very strict about allowing overlaps, and not cleaning up at the end of each contract, and also not permitting advances for feed unless a person had a substantial equity.

A Right.

Q Now, all of these safeguards that the Government sees to in Government guaranteed marketing and feeding associations went by the boards in this one, did it not?

A Yes.

Q You overlapped, you got advances for feed when you had no equity, right?

A Well, if we didn't look at the deficiencies, or if we take the deficiencies into there we didn't, no.

Q Well, take 64. You got some cattle in February, and on February the 21st you got an advance of $7,000.00. Now, you had no equity on that basis?

A No.

Q Alright. So you did get an advance of $7,000.00 in February of 64 without any equity?

A Well, I had more than that feed at home, right. A lot more than that.

Q Yes. But the Association was paying for your feed?

A Right.

Q Without any equity, without you having equity in cattle?

A In the cattle, yes.

Q Yes. Well, that's the point I was getting at, that the Association was playing with fire if they were doing that with everybody, because the moment the price went down there would be bankruptcy would there not?

A Yes. I believe this is the downfall of the Association.

Q This is what happened.

A Yes.

Q Alright, fine. Anything else? Thank you very much, and I certainly invite you back, if you wish to come.

(WITNESS STANDS DOWN)

MR. WEIR: E. M. Peterson.

ELDON M. PETERSON, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q You are Mr. E. M. Peterson?

A Yes.

Q Of Welling?

A Yes.

Q And your farm is at Welling?

A Yes.

Q When did you join the Lethbridge Central Feeders Association?

A In the spring of 1951.

Q I am showing you ledger cards in your name. Do you recognize these ledger cards of the Lethbridge Central Feeders Association?

A Yes.

Q How often would you look at these ledger cards?

A Oh, no regular interval, not very often.

Q I'd like to just briefly refer to a couple of dates on the ledger cards. On October 18th, 1962 there is a debit balance shown in your account of $5,067.57. Do you see that?

A Yes.

Q And the animals indicated to be on hand in your ledger card at that time would be 59. It doesn't say 59 there, but you see the balance of 104 up there. And then you sold 38, and then there are, there is the entry just below here, which leaves you a balance of 89 animals, according to the ledger cards that you had when you owed the Association this $5,067.57 on this October 18th, 1962?

A Yes.

Q Now, on November the 1st, 1963, do you see this entry here that I am referring to, November 1st, 1963, there is a debit balance in your account of $71,668.06, and the number of animals has increased on that date to 308 animals. You see the 212 here on the 31st of October, 26 went out, and 121 came in, which, I believe, gives a total of, and one more came in, which gives the total of this figure of $71,668.06.

A Well, there must be an overlapping of figures there, or something, because I never had that many cattle at one time.

Q You never had that many?

A No, I never had that many at one time.

THE COURT:

Well, there is, Mr. Weir, there is a sale on the 5th of 107, brings it down to---

MR. WEIR: Oh, yes, I realize that, Your Honour, I am just looking at the figure just before it, though, I am not including those 107 in my figures. The only comparison I was making was, at least in examining your ledger card, your cattle have increased in number by 249, and your debt to the Association has increased by $66,000.00?

A Well, that, I never had that, I have never had that many cattle in at one time, even the 249 figure, I have never had that many cattle on my place at one time.

Q Well, His Honour Judge Turcotte has referred to the entry immediately after the item that I was referring to, and it indicates a sale of 107 steers, which reduced the balance in your account down to $47,636.64.

But you never recall having that many animals at that time?

A No, I am sure of that.

Q Well, let's look at the date when you sold these animals, these 107 animals, steers, on November the 5th, 1963. How many animals would you have left at that time?

A November the 5th, well, I don't have figures with me, but it seems that I had put the cattle in about the same time that I sold them, at that particular time. It may have been some overlapping there---

Q Well, there is an overlapping, I am not suggesting there isn't. In around November 1st you have quite a few cattle

coming in, as I have suggested. 121 came in, and this other one--

A Yes.

Q Which gave the balance of the number of cattle at 308, then you sold 107, which, according to this left you with 201 animals.

You are suggesting that these figures aren't correct, at all?

A Well, I just, I haven't studied them, but I just don't follow their---

THE COURT:

Q Mr. Peterson, how many animals did you have on feed after these two sets of dealings in November of 1963? You sold 107, and you brought in 122, and you had sold 26 on the 1st of November. Now, you sold in November, 133, you brought in for feed, 122. Now, how many did you have after that was all over?

A Well, Your Honour, during that summer I fed 220 calves. Now, there was some death loss, and there were several cows that I turned out to pasture, but come up to market time I had approximately 200 head in the corral, that would be during October mostly.

Q That's right. They show 212.

A And they went out, I think, sometime, November the 1st.

Q Yes.

A At which time I put in another 122 head.

Q That's right.

coming in as I have suggested 121 came in, and this

one--

A Yes

Q Which is a net balance of the number of cattle at 203, then you add 127 which, according to this law, you with 221 animals.

Yo are sage I don't these figures aren't correct, so why?

A Well, I just haven't studied them but I that don't follow their ---

THE COURT

Q Petersen: How many animals can you have on feed after these two sets of cattle in November of 1967? You sold 107, and you brought in 122. How can you sold 20 or the last

after then was

A Well, Your Honor, during the summer fed 220 calves. There was some death loss, and there were several cows that I turned out to pasture, but come up to market time I had approximately 200 head in the corral, that would be during October mostly.

That's right. They show 212.

They went out, I think, somewhere, November

A Now, that's---

Q Now, wait a minute. You say they went out. All that went out according to this, were 133?

A Oh, no, they all went, Your Honour.

Q Well, now, we have 26 head for $5,956.00 and 107 head for $24,031.42.

A As I recall, I sold at that time something like 198 head of cattle.

Q Well, what happened to the other 60 head?

A Well, that's something I can't answer, Your Honour.

Q Well, where did you sell them?

A I sold them through Lethbridge Central Feeders.

Q Now, this happened in 1963, and this is---

A 1962 isn't it?

Q 1963 we are talking about.

MR. MOSCOVICH: November 1963.

A 63, that's right.

THE COURT:

Q Yes. Now, this is January the 13th, 1964.

MR. MOSCOVICH: 5.

THE COURT: 1965.

Q That's a year and a half, not quite, a year and four months. What have you done about this deficiency, or discrepancy?

A Well, I have done nothing. I didn't realize it was there.

Q Well, there is 60 head of cattle. Well, you got your statement didn't you? You got a statement? See, you are

60 cattle short, according to what you are telling us today.

MR. WEIR: Here is the most recent balance. October the 15th, 1964, indicating $25,710.87.

A Yes. Well, I can't explain that deficiency. They were all sold through Lethbridge Central Feeders.

THE COURT:

Q Well, have you your bills or statements of sales, have you, three statements---

A I haven't kept them in any systematic way, but I have some of them, I am sure.

Q Oh, surely, Mr. Peterson, when you sell $25,000.00 worth of cattle you keep the statement of it. If I do something with $25.00 I keep the statement for a while.

A Well, I regret to say that I didn't, however. But at that time, somewhere around the 1st of November, 1963, my account should have been credited with something like $40,000.00, between 40 and $45,000.00.

Q Are you suggesting that a settlement has been credited to the wrong Peterson, or---

A That's possible. I am suggesting now there is something definitely wrong with my account.

Q Well, you better get on your horse, or whatever you use, and get busy to find this out, because you are certainly going to be sued, I imagine, for $25,000.00, if you haven't already been.

MR. WEIR:

50 particle short, according

MR. MEIN: Here is the most recent bilanc

October the 12th, 1964. Indicates $25 [illegible]

A Yes. Well, I can't explain the

acid through Fairbridge Central Pension

THE COURT:

Q Well, have you your bills or statements of sales, have you

way, but I have some of

them I am sure.

Q Oh, surely, Mr. Patterson when it will $25,000.00 worth of

the statute. If I do something with

all that. However, but as this

1963, my accounts

like $40,000.00,

Are you suggesting that a settlement has been credited

the wrong Peterson, or---

That's possible. I am suggesting now there is

definitely wrong with my account.

Well, you better get on your horse, or w

busy. Line this out, because you are

income $25,000.00; if you

Q Well, I notice in 1963 quite a number of bills that are charged to your account, involving feeding. At least we have 60 animals less that we are not going to be worried about, I imagine, or, not, I guess some of these---

A Those are the ones we will worry about.

Q Oh. Well, at least they won't be eating all of this feed, they would have been sold, probably. Of course, you say in November of 1963 they were sold?

A November of 63, or October.

Q How did you arrange for your feed prior to May of, actually prior to June of 1963?

A How did I arrange for it?

Q Well, did you grow some of the feed?

A Yes, I grew some of the feed.

Q Did you grow it all?

A No, I didn't grow it all, no.

Q Well, I am going to go over a number of feed bills that I just picked out of your account.

June--- I won't go into the exact date of the month, I will just refer to the month.

June, 1963, and these are all the statements, incidentally, involving Roy's Mobile Milling, it looks like.

A Yes.

THE COURT: What was that?

THE WITNESS: It was a mobile pre-feed processing mill that came on the farm and processed feed.

THE COURT:

Q What do you mean, chopped it up?

A Chopped it up.

Q And mixed it?

A Mixed it, grain, hay, and supplement.

MR. WEIR: Breakfast in bed.

Q June, 1963, $211.50. June, again, 1963, $244.90. July, $140.10. July again, $112.30. July again, $185.30. August the 1st, $230.00. August again, $80.45. August $79.90. $165.20 again in August. August again, $72.15. Again in August $160.50, and---

A Did you get itemized statements from the feed company on this?

Q Well, I am just suggesting to you that all of these, they just keep going on like this, the thing that strikes me as being somewhat unusual, perhaps not unusual, is that all of these cheques are charged to your account, and there are numerous cheques to the same organization in the same month, and I am just wondering how often this organization would come out to feed your animals, and---

A Well, as a matter of fact, they didn't supply much of the feed. They only supplied a certain amount of the feeding supplement, and the processing, but the feed was supplied entirely by me, from other sources. They didn't supply either grain nor hay in this.

THE COURT:

Q Do you think---

A That's why I asked to see the statements on this.

Q Do you think those amounts are correct?

A Well, just offhand, those first two you read, I don't think they are.

MR. WEIR:

Q Well, just look at the month of August. Now, there is quite a number in August of 63. One, two, three, four, five, six. Six. Now, on each one of these there is a receipt which is stapled to it, and it is signed by a person whom I presume if from this organization, Mr. Taylor, and it says, received from, and it mentions your name. Now, are you suggesting that none of these amounts in August of 1963 are legitimate charges to your account?

A I am suggesting that unless it is a statement with my signature on it, that I don't feel that I am liable for it.

Q Well,when this organization went to your place to perform these tasks that you have described, would you, in every case, sign the statement?

A No, I didn't.

Q Did you ever sign a statement?

A Yes, I have signed a statement.

Q How many times would you have signed a statement?

A Well, I can't tell you that.

Q Well, a percentage?

A Pardon me?

do you think --

That's why I wanted to see the statements on this.

Do you think these amounts are correct?

A Well, just offhand, these two I read I don't know they are.

MR. WEIN

Q Well, just look at it for a moment. Now, there is quite a number in regard to 1, 2, 3, 4, five, six. Now, in each one of these there is a receipt which is stapled to it and it is signed by a person whom I presume is from the organization Mr. Taylor said it says received from, and mentions your name. Now, are you suggesting that these amounts in Number of 1 are legitimate charges to your account? I am suggesting

signature on it. I don't feel that I am liable for it.

Q Well, when this organization went to your place to perform these tasks that you have described, would you, in every case, sign the statement?

A No, I didn't.

Did you ever sign a statement?

Yes, I have signed a statement.

Was would you have signed --

Did you that.

Q Was it a usual thing for you to sign a statement with them?

A Well, I asked the operator that I did sign a statement, but numerous times he might still be working when I left to go to some other job, and went away without either letting me sign or leaving a statement for me to go over.

Q Well, you still haven't answered my question. Approximately how many times, what would be the percentage of the number of visits that they made to your place that you would, in effect, sign a statement that we would be able to show you?

A Oh, I'd just say 25%.

Q About 25%?

A Yes.

Q Well then, how are we going to know whether these are legitimate charges?

A Well, I'd like to see the statements. If I could see the statements I could possibly check better than just the receipt from the company.

THE COURT: Who are the receipts from?

MR. WEIR: It says Roy's Mobile Milling.

THE COURT: Oh, the receipts are from Roy's to who?

MR. WEIR: They have his name marked on them.

THE COURT: Well, these receipts, Mr. Peterson, are all stating, received from Mr. Eldon Peterson, Eldon Peterson, Eldon Peterson, Eldon Peterson---

A They are not in my handwriting. They weren't made up by me,

or anything?

THE COURT:

Q Well, no, they would be made up by Mrs. Taylor or Mr. Taylor. Some of them are Mrs. Taylor and some are Mr. Taylor, and then a cheque was issued by Central Feeders to Roy's Mobile Milling.

A Right.

Q And you don't know what are yours and what are not?

A No, I don't.

Q Don't you keep records of your feed---

A I don't---

Q For income tax purposes? Pardon me?

A No, Your Honour, I don't keep records of my feed.

Q Well, how can you make out your income tax?

A Well, the records I kept, I have let the Lethbridge Central Feeders office keep them.

Q Alright.

A They had a staff there of three or four men, and three or four women, and I left it up to them to maintain my records.

Q What did they give you so you could make out your income tax? That is the important thing.

A Well, ordinarily, several years ago, at the end of the year I would phone them and ask them to send me a copy of my statement, a photostatic copy of my statement, which they did, on occasion, but the last year or so when I'd phone over they would simply send me back a handwritten statement

or anything?

THE COURT:

Q Well, no, they would be made up by Mrs. Taylor or Mr. Taylor or [illegible] Some of them are Mrs. Taylor and some are Mr. Taylor, and [illegible] then a cheque was issued by Industrial Finance to Royle Mobile Milling.

A Right.

Q And you don't know what are those and what are not?

A No, I don't.

Q Don't you keep records of your income---

A I don't---

Q For income tax purposes? Pardon me?

A No, Your Honour, I don't keep records of my food.

Q Well, how can you make out your income tax?

A Well, the records I kept I have let the Cambridge Central Finance office keep them.

Q Right.

A They had a staff then of three or four men, and three or four women, and I left it up to them to maintain by [illegible] What did I [illegible] give you so you could make out your income [illegible] This is the important thing.

[illegible], occasionally, several years ago, at the [illegible] phone them and ask them to send me a [illegible] photostatic copy of my statements, and [illegible] the last year or so when I'd [illegible] send me books [illegible]

showing my receipts, and no debits to my account whatsoever.

Q Well, how did you know what was profit and what was loss, or what was these payments?

A Well, all I was really interested in along that line was my net return for---

Q Well, how could you get your net return without---

Well, I suppose, yes, alright.

A Of course, income tax return, I was just interested in the net amounts per year.

MR. WEIR:

Q Well, approximately how many visits can you establish that Roy's Mobile Milling would have made to your place? You see quite a number here, we mentioned, what was it, five in August, 1963, and there is quite a number here that just seem to start coming up, involving your account, at least, in June of 1963.

A Well, as I remember, he started coming in June and came approximately once a week.

Q Once a week.

A Until---

Q Well, if he came once a week, then this would appear to be correct, then.

A But it is the amount that I am wondering about.

Q You are wondering about amounts?

A I'd like to see the statement, so I can---

Q But you're acknowledging that they came to your place

receipts and no debits to my account was

Q Well, how did . know what was profit and what was loss, what was these payments?

A Well all I was really interested in along that line was my net return for---

Q Well how could you get your net return without---

A course, income tax return. I was just interested in the

Q Well approximately you say dates can you establish that Roy's Mobile Milling would have made so you placed Jon are quite a number here, we mentioned what was it, Jiva in August 1903, and there is quite a number here that just seem to start coming up, involving your account, as late in June of 1904.

A Well, as I remember. he started coming in June and came approximately once

Once a week.

Q---

Well, if he came once a week, then this would appear correct, then.

A It is true I mean I mean adding a net

Q---wondering about another

A to see the

Q---

approximately the number of times that we have---

A Approximately once a week.

THE COURT:

Q Well, how did Lethbridge Central Feeders know to issue a cheque? Who gave them instructions?

A Well, my understanding with Central Feeders, and that was their suggesting to me, that they would only issue cheques on signed invoices.

Q Yes. Well now, did you make an arrangement with Central Feeders to honour these Roy's---

A I made an arrangement with them for the complete transaction, but not unsigned invoices. Now, if the case arose when I wasn't there when he finished the job, he could easily have contacted me on his next visit, but that was never done. I just left it up to their---

MR. WEIR:

Q You have suggested that only approximately 25% of these invoices were signed?

A I suggested a figure of something like that.

Q And yet, you are suggesting that you did not authorize anyone from the Association to pay any unsigned---

A That's right.

Q Bills?

A That's right.

Q Well, what about the other 75%? Did you receive any demand from this organization, Roy's Mobile Milling, that

approximately the number of times that we have---

Approximately once a week.

THE COURT:

Well, how did Lethbridge General Feeders know to issue a cheque? Who gave them instructions?

Well, my understanding with General Feeders, and that was their suggesting to me, that they would only issue cheques on signed invoices.

Q Well now, did you make an arrangement with General Feeders to honour these Roy's---

A I made an arrangement the complete transaction, but not unsigned invoices. The case arose when I wasn't there when he finished the job. He could easily have contacted me on his next visit, but that was never done. I just left it up to their---

MR. WEIR:

You have suggested that only approximately 15% of these invoices were signed?

I suggested a figure of something like that.

And yet, you are suggesting that you did not authorize anyone from the Association to pay any unsigned---

A That's right.

Q Dillat?

you owed them some money?

A No, I didn't.

Q Well then, would I be correct in assuming that you felt that they were paid?

A Well, I suppose as time went on, yes, I have to assume that. Without my authorization.

Q I have another group of what appears to be feeding bills, as well. This involves R. Heggie and Sons.

A Yes.

Q And they start in July of 1963?

A Yes.

Q And they move forward, July, in one of them, $686.00.

A I think you will find these invoices, that isn't signed. There again, that was a suggestion to Mr. Hatch that they would pay no invoices that wasn't signed, but I see that they have, regardless of that.

THE COURT:

Q If that had been carried out, Mr. Peterson, there would be millions of dollars in this organization as in the bank, I think. At the moment there is an awful lot of unsigned vouchers paid.

MR. WEIR:

Q Here is another one in July of 1963, as well, to the same organization, for $1,973.50.

A Yes.

Q I see some signatures here.

A Yes, it is signed.

Q On this large one. Well, they keep going on, would you like to examine them?

A Not necessarily.

Q You recall this, these bills, do you, from, or these shipments from R. Heggie and Sons from July 1963 on?

A Yes, I do.

Q And you have examined your ledger card, I think you said, didn't you?

A No, I haven't examined my ledger cards.

Q You have never examined your ledger card?

A I wouldn't say never, but I haven't examined it closely, recently.

Q And, I suppose, from your testimony, you are suggesting that your account is not in order when you now have a debit balance, or at least, I shouldn't say now, October the 15th, 1964, you have a debit balance of $25,710.87?

A Well, I am particularly interested in this 60 head of cattle you claim that has not been credited to my account.

THE COURT: Well, that will account for what, about $12,000.00 if they were sold for the same amount? I see you have 100 and--- No, more than that, about 12 to 15 thousand?

A It would be somewhere between 12 and 15.

THE COURT:

Q 15,000.

Well, they keep going on, would you

these bills, do you, from, or these bills
one from July 1969 are

had your ledger card; I think you said.

A No. I haven't examined my ledger cards.

Q You have never examined your ledger card?

A I wouldn't say never, but I haven't examined it closely, frequently.

And, I suppose, from your testimony, you are suggesting your account is in order when you now have a balance of $, wouldn't say now, October of $25,710.87?

this 60 head of
cattle you claim to have not been credited to my account.
THE COURT: Well, that will answer for
about $12 0.00 if they were sold for the same
-T Yes, have 100 and -- No, more than that, about
thousand?
somewhere between 12 and 13.

A But I was looking at some statements at home recently, and I believe that I have statements to cover that lot of cattle.

MR. WEIR:

Q Well, I would appreciate your getting in touch with us and letting us see these statements. It would assist us greatly if, in effect, you do have these statements. Now, in 1963, as well, in addition to these numerous feed bills that I have just shown to you, you received cash advances. I have made a rough addition a few minutes ago of $20,000.00 in cash advances, as well.

A That's right.

Q This is in addition. Now, what would you use these cash advances for when your animals appear to have been so well looked after, by these feed bills?

A Well, I'd have to refer to my records to tell you that.

Q You haven't any idea what this $20,000.00 would be used for?

A Well, it would be used for normal living expenses, operating my farm, perhaps, and possibly paying a few bills that I had incurred during the winter up to the time these feed deliveries had started.

Q What type of bills, feed bills, did you say?

A Feed bills up to the time of these deliveries, because I had carried these along from the previous fall up until, you mentioned June, and there was some debit against them.

Q Well, I notice, even in October of 63, for example, you received a cheque, I have a notation on it, in any event, of $8,000.00, is that correct?

A That's right.

Q Well then, what would you use this $8,000.00 for when your animals have had their feed supplied and debited to your account for these two organizations?

A Well, that was keeping me busy carrying on feed to the next lot.

Q To keep you what?

A To keep me in the feeding business, to carry on, to feed the next lot of cattle which I was just in the process of putting in at that time.

Q Well, this is the same month, for example, in October of 63, that, in fact, just the previous month, in September, here is a bill that was charged to your account, R. Heggie and Sons, $621.30, then in October, $1,471.95, again in October $547.30, and again in October $272.32, and then in November $243.20.

THE COURT: August, there is a bill of 2,245 too, July 1900.

MR. WEIR: Yes, July 31st, $1,973.50, in that same month of July, $686.00.

Q Now, realizing these payments that were made directly for feed, are you still certain that you used this $8,000.00 that you received on October 31st, 1963, this cash advance,

all for feed?

A Well, I didn't say I used it all for feed. I said I used it for feed, and for normal operating and living expenses.

Q Well, what percentage of it would you have spent on feed?

A Well, I fed 122 head of cattle through till the next spring. I suppose that half of it would have been spent for feed.

Q The previous year your cash advances, according to my calculations here are 15,200. Would that be about right?

A I thought it was 12, but it could have been 15.

Q Well, let us assume it was 12.

A Yes.

Q In 1962 you used the $12,000.00 in cash advances for what? For feed, and for living expenses?

A Yes.

Q And yet, in 1963 you needed $20,000.00 for cash advances, plus all of these numerous feed items that we have just gone over.

A It appears that way.

Q Well, have you any explanation to offer?

A Not at the moment I haven't, no.

THE COURT: Did you buy any machinery?

A Except---

THE COURT:

Q Did you buy any machinery in 1963?

A Not anything large, anything to speak of during that time.

Q Well, what is your idea of large?

A Well, not anything that would be $1,000.00 or---

Q I see.

A Or more.

Q Did you build any farm buildings?

A I made some improvements on my home.

Q Yes. How much did that cost?

A About $2,000.00.

Q And how was that paid?

A That was paid by a monthly payment to the lumber company.

Q I see. You had to get the money to pay---

A I had to get the money somewhere.

Q Yes.

A But I might explain, during that period, 59, 60, 61, that we experienced almost a complete crop failure in our area, and, of course this, I was still carrying on living, this showed up somewhere, and this is where it showed up.

Q Take any lengthy or out of the ordinary trips in 1963?

A No, no trips.

Q Buy a new automobile?

A I bought a used car in the fall of 1962.

Q Yes. Well, Mr. Peterson, you realize this is a co-operative, where you and your neighbors get together for the purpose of feeding cattle, right?

A Right.

Q And the original idea of it was to, the Association was to pay for the cattle, and put them out with you, and you were

Well, was anything that would be $1,000.00 or---

I see.

Or more.

Q Did you build any farm buildings?

A I made some improvements on my home.

Q Yes. How much did that co

A About $2,200.00.

Q And how was that paid

A That was paid by a monthly payment to the lumber company.

Q I see. You had to get the money to pay---

A I had to get the money somewhere.

Q Yes.

A But . regr . plain, during the period, 29, 30, 31, that we experienced almost a complete crop failure in our area, and, of course this, I was still carrying on living, this showed up somewhere, and this is where it showed up.

Take any lengthy or out of the ordinary trips in 1932?

A No, no trips.

Q Buy a new automobile?

A I bought a used c in the fall of 1932.

Well, Mr. Peterson, you realize this is a co

you and your neighbors get together for

a caucus, right?

to pay for the feed, and bring the cattle back, and you were to get the profits out of them, right?

A Yes.

Q Right. Now, when, in your experience did that idea change to where they started to pay for your feed?

A Well, possibly, a number of years before that as we, it seems as we built up an equity in the cattle we were able to go there and draw monies to carry on to finish them out, and I suppose this thing just evolved from one thing to another until it got out of hand.

Q And you got to the point where you were drawing money where you had no equity?

A That's right.

Q Yes. And then you got to the point where you were drawing money for living expenses?

A That's right.

Q Not within the original idea of this co-operative, at all?

A No, I realize that, Your Honour.

Q You see, the unfortunate thing is that there are nine main people, I don't know whether you are one of them, or not, and then, you are on the fringe of being one of the main ones, without your 60 head, and then there are maybe 15 or 20 others, small accounts, who have caused this very wonderful organization to go bankrupt, and it is most unfortunate. That's all the questions I have. Have you, Mr. Moscovich?

MR. MOSCOVICH: No, thank you.

to pay for the fees, and getting the certificate back, and you wa
to get the profits out of them, right?

Yes.

Q Right. Now, when, in your experience
to where they actually pay for you fees?
Well, possibly a number of times
as we built up an equity in the cases we were able to go
there and draw money to carry on and finish them out. And I
suppose this thing has evolved from one thing to another

Q And you got to the point where you were drawing money where
you had no equity?

That's

Yes.

That's right.

Q Not which. The original idea of this re-organizing as sig
A No, I realize that from Honour.
Q You see, the unfortunate thing is that there are nice nic
people. I don't know whether you are one of them, or
and then, you are on the fringe of being one of the w
throw 60 head, and then there are maybe 5 or

THE COURT: Mr. Leitch?

MR. LEITCH: None.

THE COURT: Mr. Prowse?

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Well, Mr. Peterson, according to your records, what do you owe?

A The only record I have is the record kept by Lethbridge Central Feeders.

Q Well, when you were asked about these cheques, and that, you said you would have to check your records. Now, what did you mean by that?

A Well, I have some accounts of what I have received for income tax purposes, and so on.

Q Well, when did you first notice that this 60 head sale was not credited to your account?

A Today.

Q Today is the first time?

A Yes.

Q That's all.

THE COURT: That's all, thank you.

(WITNESS STANDS DOWN)

MR. WEIR: May we call Mr. Tanner now, or---

THE COURT: Pardon?

MR. WEIR: May we call Mr. Tanner now?

THE COURT: Oh, it's 12:30. Mr. Tanner and Mr. Johnson, are you both here?

MR. TANNER: Yes.

MR. JOHNSON: Yes.

THE COURT: Would you mind coming back? You have been coming back most days anyway, Mr. Johnson, haven't you?

MR. JOHNSON: Oh, yes, I am here regular.

THE COURT: Alright, would you mind coming back at 2 o'clock?

MR. JOHNSON: No.

THE COURT: Alright, and who else is here that has been subpoenaed. Mr. Meloff?

MR. MELOFF: That's right.

THE COURT: Yes, would you mind coming back at 2:00?

MR. MELOFF: No.

THE COURT: And Mr.---

MR. TRADDEN: I am Tradden.

THE COURT: Mr. Tradden?

MR. TRADDEN: Yes.

THE COURT: And is Mrs. Burrows here?

MR. WEIR: I called out before, Your Honour, both for Mrs. Burrows and Mr. Parker.

THE COURT: Is anyone here from Parker Electric? Must have been subpoenaed for 2 o'clock. Well, we will adjourn until 2 o'clock.

(HEARING ADJOURNED AT 12:30 P.M. UNTIL 2 P.M. ON THE SAME DATE)

MRS. [illegible] Yes

THE COURT: Would you mind coming back? You have been coming back most days anyway, Mr. Johnson, haven't you?

MRS. JOHNSON: Oh yes, I am here regular.

THE COURT: Alright. Would you mind coming back at 2 o'clock?

MR. JOHNSON: [illegible]

THE COURT: Alright and who also in here that has been subpoenaed? Mr. Mafatt?

MR. MAFATT: That's [illegible] sir.

THE COURT: Yes, would you mind coming back at 2:00?

MR. MELLON: No.

THE COURT: And Mr.

MR. TRADDS: [illegible] an Traddo

THE COURT: Mr.

MR. TRADDS: Yes

THE COURT: And I Mrs Burrows here?

MR. [illegible] I called out before, Mrs Burrows and Mr. Parker.

[illegible] Is anyone here from Pa[illegible]

[illegible]

MR. WEIR: Mrs. Burrows, please.

FRANCES BURROWS, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Mrs. Burrows, are you the wife of J. W. Burrows?

A Yes, I am.

Q And J. W. Burrows operates a plumbing and gasfitting establishment at 1104 - 11th Street South, Lethbridge, Alberta?

A Yes sir.

Q And do you assist in this business operation?

A I take care of the books.

Q Do you recognize this statement, which is marked Exhibit F-15?

A Yes, I do.

Q And would you tell us what this statement represents? This is a statement made October the 12th, 1959, in the amount of $169.27, the name at the top if Mr. S. Hatch, 1305 - 20th Street South, Lethbridge.

A It was for the installation of a hot water heater at the residence of Mr. Hatch.

Q And these other items mentioned in here would be part of this same order?

A Yes.

Q And they would have been installed in Mr. Hatch's residence, as well?

A Yes sir.

Mrs. Burrows, please.

CHARLES BURROWS, having first been
sworn by Mr. Weir, testified as follows:

You are the wife of C. W. Burrows?

plumbing and gasfitting
at Street South, Leamington?

business operations?

which is marked Exhibit

And who prepared this statement represents?
This is a statement made October the 12th, 1959, in the
amount of $1690.27. One here at the top if Mr. S. Hatch,

Q. Are there other items mentioned in here
that are wrong, Mr.
[illegible]

Q Now, how are you so certain that this would have been done?

A Well, that's my carbon copy of the bill that I made out and sent to him.

Q If it were not installed in Mr. Hatch's residence as indicated on this bill, what procedure would you have adopted?

A I would have divided the bill so that, in the event it were an apartment or something of the sort, they would have the advantage for income tax.

Q I see. So, if all of these articles were not installed for the benefit of Mr. Hatch, at this address that I have just read---

A There would be a division of the bill.

Q So all of these items then, appearing, which total $169.27 would, according to the office procedure which you adopted, the bill would have been split if they all weren't to be installed in Mr. Hatch's residence---

A Yes sir.

Q As indicated in this bill?

A Yes sir.

Q Your Honour, I haven't any other specific questions. I might mention that Mr. Burrows is here, as well.

THE COURT: Oh, fine. Mr. Moscovich?

MR. MOSCOVICH: No questions.

THE COURT: Mr. Leitch?

MR. LEITCH: None, sir.

. Now are you so certain that this would have been done?

Here's my carbon copy of the bill that I made out and

installed in Mr. Hatch's residence as

this bill. What procedure would you have

not installed for

what I have just

read---

There would

. If these item them, appearing, which total $159.27

would according to the office procedure which you adopted,

pay it now warrant to be

installed in Mr. Lotch residence---

A Yes sir.

Q As in cased

A Yes sir.

Q Your honor I haven't any other specific question

I mention that Mr. Burrows is here, Ill.

Q Ill I Oh, fine. Mr. Mc

H: He questions.

Mr. Lotch?

THE COURT: Mr. Prowse?

MR. PROWSE: No questions.

THE COURT: Thank you very much Mrs. Burrows.

(WITNESS STANDS DOWN)

MR. WEIR: Mr. Burrows, would you take the stand, please.

JESSE WILLIAM BURROWS, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q You are J. W. Burrows?

A Yes.

Q And you operate a plumbing and gasfitting establishment at 1104 - 11th St. South, Lethbridge, Alberta?

A Yes

Q I am showing you Exhibit F-15, dated October 12th, 1959, which is in the amount of $169.27, and Mr. Hatch's name appears at the top of this particular bill, and an address here. Do you recall what this represents?

A Yes sir.

Q And what does it represent?

A Installing a hot water heater and tank.

Q Did you install this, yourself?

A Yes sir.

Q And where did you install it?

A To this here, as far as I know, a few days before.

Q Did you install it at this particular address indicated on the top

A Yes, [illegible] you tell [illegible] what this [illegible] repr[illegible]

Q That is 1305 - 20th Street South, Lethbridge?

A Lethbridge, yes.

Q For the individual mentioned at the top of the statement, S. Hatch?

A Yes. [illegible]

Q I have no further questions.

THE COURT: [illegible] Any questions?

MR. MOSCOVICH: [illegible] No questions.

MR. LEITCH: [illegible] No.

MR. PROWSE: [illegible] No.

THE COURT: [illegible] Thanks very much.

(WITNESS STANDS DOWN)

MR. WEIR: [illegible] Mr. Parker please.

[illegible] ALBERT EDWARD PARKER, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Your name is--- [illegible] [illegible] was paid [illegible]

A Albert Parker. [illegible] was paid.

Q Albert Parker. And are you the same Mr. Parker of Parker Fi[illegible]

A That's right [illegible] you, you did this [illegible] allation at the [illegible] ions

Q Mr. Parker, [illegible] dated July the 7th, 1[illegible] p[illegible] in the amount of $319.00 by [illegible] Do you recognize [illegible] Would you examine it please?

A Yes.

Q And can you tell us what this cheque represents, please?

A A water softener that was installed in Mr. Hatch's home in June of 1959.

Q How are you so certain that it was installed for the benefit of Mr. Hatch?

A First of all, on the back of the cheque you will notice, it is Softener Division.

Q Yes, I noticed that.

A And we were able to locate the original ledger sheet in which the notation is Mr. Hatch bought the softener from us in June, 1959, in the amount of $319.00, and over here, Central Feeders Association paid for it.

Q That is a notation on the side, that the Central---

A This is Central Feeders Association. Now, I can't say that it was put there because it was paid for, because the cheque came in on that, or whether that was the fact that he worked for them, but the cheque was paid by that particular item there. This was paid.

Q This was for this?

A Yes.

Q I see. Did you, you did this installation at the instructions of Mr. Hatch, did you?

A We sold the softener. He did his own installation. He arranged for his own installation.

Q I see. I have no further questions, Your Honour.

MR. MOSCOVICH: May I ask one question?

THE COURT: Yes.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q Have you ever been through the home of Mr. Hatch?

A Yes.

Q Did you notice one part of it where he kept an office?

A I walked through it with him at the time I went back to check the unit, I can't quite remember the office.

Q You wouldn't say there isn't one, wasn't one?

A No, no.

THE COURT: Would that be some reason for charging it to Mr. Jones?

MR. MOSCOVICH: Yes., Oh, to Mr. Jones.

THE COURT: Pardon? To charging it to Mr. Jones?

MR. MOSCOVICH: Well, he doesn't know where it was charged, it was paid direct to him.

THE COURT: Well, I was just wondering. Alright, Thanks Mr. Parker.

(WITNESS STANDS DOWN)

MR. WEIR: Mr. Don Nilsson, please.

DONALD LINDEN NILSSON, having first been duly sworn, examines by Mr. Weir, testified as follows:

Q Mr. Nilsson, last Thursday, as you will recall, you were, or you may recall, you were asked to return today with facts and figures supporting your cattle dealings between

you and your partner, Stu Hatch, and Mr. Kline. Now, did you obtain some information for us?

A Yes, I obtained some information for you. I have here the cattle feeding of Mr. Jones in 1959. Now, this is a statement that Mr. Peterson run off, on this, there is buying vouchers and selling vouchers, or invoices, and this is the summation of it.

Q Well, would you, you have examined these. When were these prepared, incidentally, was this since last Thursday?

A Yes, this was since last Thursday.

Q Well, would you tell us what these figures will represent, and what they will support?

A Well, these figures represent the purchase of 135 cattle, or the sale of 135 cattle, and the purchase of 139 cattle for Mr. Jones account, that he was feeding on contract, at 21¢ a pound on the gain, and then it shows the average going in weight, the average going out weight, and the gain, represented at 21¢, and the selling price of these cattle, and showing an approximate profit of $2,313.13.

Q Now, that is a profit to whom, of this amount of money?

A This is a profit to Mr. Kline.

Q Profit to Mr. Kline, of how much, again?

A $2,313.13. Now, that's approximate.

Q And when would this profit be due?

A This profit would be due at the summation of the selling of these cattle.

Q And when was the summation of this cattle deal?

A Well, it looks like about November the 6th, was about the last.

Q This would be November the 6th?

A Yes, 1959.

Q Now, that would be when the cattle were sold?

A That would be when the last load was sold.

Q The last load?

A Yes.

Q Well, were there any previous---

A Yes, there was previous sales. A sale, October the 26th, September the 25th, that's the ones we had, and the rest is purchase vouchers.

Q Now, this was the profit that is figured out?

A Yes.

Q That was due to Mr. Kline, of approximately $2300.00?

A Yes.

Q Now, this is based upon a 20---

A Paying him off at 21¢ a pound on the gain.

Q On the gain?

A Yes.

Q Now, were you involved in this particular transaction?

A Yes, I was involved in this particular transaction.

Q And what was your, what was to be your percentage of profit or losses in this particular transaction?

A One-third.

Q You were a one-third investor?

A Yes.

Q Now, were you in on the original discussions with Mr. Hatch and Mr. Kline when this one-third arrangement was agreed upon?

A Well, this was agreed upon before this time, that any contract cattle that were fed would be one-third.

Q Any contract cattle.

A Yes, that was fed, that we agreed on feeding. And we would agree on feeding the cattle at the time that they were purchased, if we thought it looked like it was favorable, and we had---

Q Yes, that's what I mean, at the time the cattle were purchased--

A Oh yes.

Q You were in on the discussions.

A Yes.

Q And who else was there when the discussions were---

A Well, Mr. Kline would be there, and Mr. Hatch would be there.

Q And what about Mr. Jones?

A Well, Mr. Jones probably wouldn't be there, because he would have just put in a request to see if we could get some contract cattle for him to feed.

Q I see. Now, who would figure out the profit?

A Mr. Hatch would figure out the profit.

Q Mr. Hatch would figure out the profit?

A Yes.

Q And were you there when the calculations were arrived at?

A No, I don't remember being there.

Q You don't remember being there?

A No.

THE COURT: Are you marking that as an exhibit Mr. Nilsson?

MR. WEIR: Yes. I'd like to have it marked.

THE WITNESS: Well, that's fine. It's all Association---

MR. WEIR:

Q These are supporting the vouchers?

A Yes, and they belong to the Lethbridge Central Feeders.

MR. WEIR: Okay.

THE COURT: Have we a number for Mr. Nilsson, at all, a file number?

THE CLERK OF THE COURT: No, we haven't.

THE COURT: If not, open a new one, at numb-r---

CLERK OF THE COURT: F-18.

THE COURT: F-18, alright.

EXHIBIT NO. F-18
Document.

MR. WEIR:

Q When did you, when were you informed of the calculations and this profit that was made at that time?

A I don't ever remember being informed of the exact amount.

Q So, you were in on a business venture with Mr. Hatch, whom

you had been on previous ventures, and this particular one was involving Mr. Kline, and you don't recall ever discussing the settlement of profit that you were entitled to on the series of items that you have just entered as an exhibit?

A No, I don't.

Q You don't?

A No.

Q There is a letter in exhibit, this is not the exhibit, itself, it is on the desk over there by the Clerk, this is a letter dated October the 8th, 1955. I believe you read this the last time you were here?

A Yes, yes, that's right.

Q Now, this referred to two profits that you have received, or profits that you received back in 1954-55, on similar dealings---

A Yes.

Q Involving Mr. Kline, and your partner, Mr. Hatch. Now, in this particular letter it indicates that on Julythe, in July of 1954 you received a profit of $2,497.37, is that correct?

A I think that is correct.

Q And inthe next paragraph it refers to another profit you received in that period of $1,753.26?

A That is correct.

Q Now, would you have been informed at that time of calculations of the profit?

A I don't think I ever was shown the calculation.

You had been on previous returns and this particular one was involving Mr. [illegible] and the joint profit over disposal of partnership profit that you were entitled to on [illegible] items that you have [illegible] treated as an exhibit.

A No, [illegible]

Q You don't [illegible]

A No.

Q There is a letter in exhibit [illegible] of [illegible] hint it is or the date over [illegible] a letter dated October the 8th [illegible] said this the last time you were here.

A Yes, yes, that's right.

Q Now, this referred a two [illegible] you received or profits that you [illegible] similar dealings--

A Yes.

Q Involving Mr. Klein and your partner Mr. Peter Nyn, in this particular letter it [illegible] the [illegible] in of 1954 you received a profit of $2,427.37, is that [illegible]

A I think that is correct.

Q And then the next paragraph it refers to another profit received in that period of $1,752 [illegible]

That is correct.

[illegible] that time [illegible]

[illegible]

Q But you were informed that there was a profit, and you received the two cheques that I have just referred to---

A Yes.

Q And that was to represent the one-third?

A Yes.

Q Now, between those two cheques, the dates of those two cheques, back in 54-55, and the items, the settlement that you have just entered as an exhibit, were there any other profits that you received?

A Yes, as I recall, there was.

Q Now, on how many instances, and in what amounts would you have received profits?

A Well, I couldn't tell you the exact amounts. I think that we fed some every year in that period.

Q You have no idea as to how much you---

A I couldn't say, I couldn't say. I just remember receiving some profits from feeding.

Q Would it be several hundred dollars, or would it be over a thousand, or over two thousand, as these cheques indicate?

A There would be some that would be, I imagine, over a thousand, and some that would be in the hundreds.

Q Would you be informed that this, would these be paid to you in the form of a cheque?

A Well, I can't remember how they were paid to me. I would be given, or told how much money we made during the year, and usually at the end of the year.

Q Well, on these two occasions, representing these two cheques, one for 1,753 some odd dollars, and 2,497 some odd dollars, these two cheques came from whom?

A I think that they, and I am not sure about this, but I think they came from the Association, but I am not sure about that. Either them, or Mr. Kline, I couldn't tell you for sure.

Q And the cheques in between those two cheques we were just discussing, and this settlement that we are discussing, in November, 1959, how would you have received these profits?

A Well, I received the one profit from this Mr. Jones account, as a payment on the car.

Q You are referring to this matter that we discussed previously, this $740.00 debit to Mr. Jones' feed account, which is dated October 21st?

A That's right.

Q This appears to be prior to the final settlement?

A That's right.

Q Mr. Nilsson, have you any reason to advance to us as to why you would receive the benefit of this automobile that cost $740.00, prior to the final settlement?

A Well, I presume that if there would have been more profit I would have had more money coming in. If there had been less, then I would have owed some money on it.

Q Now, between this particular charge of $740.00 to Mr. Jones' feed account on October 21st, 1959, would you have received

your alleged profit on these ventures in a manner similar to this particular charge to Mr. Jones' feed account?

A Well, I don't recall too many. Now, you informedme of one other, last time, and until you informed me of it I had forgotten it I wasn't aware of it.

THE COURT:

Q Have you thought of any more?

A I haven't, Your Honour. If there are some there, why, it would have to be brought to my attention.

Q Aren't there rather strange occurrences?

A Pardon?

Q Aren't there rather strange occurrences?

A Well, where there was money coming, and they were coming from profits that that man would have received in payment of cattle, why---

Q From Mr. Kline?

A Mr. Kline, but I presume that they were coming from Mr. Jones' account because the cattle would be sold in his name.

Q Were they?

A Yes. According to the vouchers.

Q And you figure that Mr. Jones' account was $2,713.13, is it? No, Mr. Jones' account was $3,912.30.

A I think that was the figure.

Q And Mr. Jones is supposed to, out of that, buy you an automobile?

A Out of the, he bought it out of the profit that was, at the

bottom there.

Q Yes. Did you go and ask him whether it would be alright, if he would buy you an automobile out of his profits?

A Well, it wasn't out of his profits, it was out of the profit that was coming to the partnership.

Q Well, Mr. Jones wasn't in the partnership, was he?

A Well, I presume that that much money, when the final settlement was made, stayed in Mr. Jones' account.

Q $3,912.00?

A Well, I would imagine that there would be an extra $740.00 stay in the account.

Q Oh, you would imagine that?

A Well, I wasn't doing the books, Your Honour.

Q Well, have you looked at the books since?

A No, I haven't.

Q You haven't. Now, you can't remember anything else?

A No, I can't recall it.

Q Well, you remember getting a boat trailer?

A Yes.

MR. WEIR: This is the item of $265.00 on June the 26th, 1959?

A That's right.

THE COURT:

Q Alright. Go ahead.

MR. WEIR:

Q And---

THE COURT: Go ahead.

MR. WEIR:

Q And this particular boat trailer, this was charged to, debited to Ray Nelson, non-association business card?

A That's right.

Q Now, you have evidence supporting---

A Well, I have this, and I can't, we couldn't find all of the sales invoices on this, but here is, we found his ledger card, and found out that there was 208 head of cattle purchased at this time, and there was 207 head of cattle sold. Now, as I say, I haven't been able to find the sale vouchers, this was just taken from his ledger card.

Q And looking at those figures, you feel that that proves that you were entitled to---

A Well---

Q A boat trailer in the amount of $265.00?

A Now, if there was a profit here, and I presume there was, then I was entitled to my share of it under the arrangement we had, and as I say, I can't prove from this that there was a profit, although cattle sold for almost twice as much as what was paid for them.

Q Can you tell us what your total profit would have been, if any, in this particular transaction involving you, Mr. Hatch, and Mr. Kline, I believe, and the member of the Association, Ray Nelson?

A No, I can't tell you that, because I haven't got the figures to show how much weight he put on those cattle, and how much he would have been paid.

Q When was the final settlement on that particular, those series of documents you are looking at?

A The final settlement was on September the 15th.

Q What year?

A 1959.

Q And yet, you received your boat trailer, at least it was paid for, I believe, on June the 26th, 1959. At least, that is when it was charged to Mr. Nelson's account.

A Yes, that's right.

Q When were the cattle purchased?

A These cattle were purchased, some of them were purchased as late as December 16th, 1958.

Q But they were not sold until when, again?

A The first sales were made July the 13th.

Q The first sales, July the 13th?

A Yes.

Q And how many were sold then?

A 34 head.

Q And how much money was received?

A $6,786.00.

Q And when was the next sale?

A August the 10th.

Q So, the second one was after you received the boat trailer.

What discussions, if any, did you have with Mr. Nelson, concerning his allowing, or his, having his account debited? I recall he said he didn't know what that particular amount represented.

A There was no discussion, to my knowledge.

Q There was no discussion?

A Not to my knowledge.

Q What discussions, if any, did you have with Mr. Hatch?

A I bought the trailer, and as I recall---

Q What do you mean, you bought the trailer? You ordered the trailer?

A Well, I bought it. It was there, I just went down and bought it, and I think anything we bought from Central Feeders we got a reduction, and so I asked him to pay for it, and he paid for it in this manner.

Q Who paid for it in this manner?

A Mr. Hatch.

Q So Mr. Hatch arranged for this boat trailer to be paid for in this fashion, of having $265.00 debited to Ray Nelson, N.A.B. ledger card?

A That's right.

Q Now, did Mr. Hatch present toyou, at that time, a statement indicating how much profit you had realized in any transactions involving Mr. Nelson, at that point?

A No.

Q And yet, you accepted, without question, the benefit of this

$265.00?

A Well, we anticipated that we was going to make a profit.

THE COURT: That was an intelligent anticipation, Mr. Nilsson.

MR. WEIR: Pardon, Your Honour?

THE COURT: It was an intelligent anticipation.

MR. WEIR:

Q Now, this boat trailer, this was used by you, alone, was it?

A Yes.

Q You were the only person that used the boat trailer?

A Yes.

Q Where was, I presume there was a boat, was there?

A Yes.

Q Well, who owned the boat?

A I owned the boat.

Q You owned the boat. Where did you buy the boat?

A I bought the boat from someplace in Winnipeg, I can't remember.

Q Who paid for the boat?

A I paid for the boat.

Q Out of your own monies?

A Yes.

Q Had you received any advance from the Lethbridge Central Feeders Association in around the time that you arranged for this boat?

A No, I paid for that boat with my own money.

Well, we anticipated

THE COURT:

anticipation, Mr.

MR. WEIR.

THE COURT.

MR. WEIR:

Now this boat, Pritlet, that was used by you alone, was it?

Yes.

You were the.

Yes.

Where was, I

Yes.

Q Well, who owned

A I owned the boat.

Q You owned the boat

A I bought the boat from somewhere in Winnipeg

I do remember.

Q Who paid for the boat?

A I paid for the boat

Q Out of your own money?

Q When did you buy the boat?

A The same year that I bought the trailer.

Q 1959?

A Yes.

Q Would it be around the same time?

A I imagine just before this.

Q About how long before?

A Well, within the month.

Q Within the month?

A Yes.

Q How much money was paid for this boat?

A I think it cost, as I recall, around 5 or $600.00. I can't remember the exact figure.

Q What kind of a boat was it?

A It was a fibre glass boat.

Q With a motor, or sail?

A No, it was a motor boat.

Q A motor boat?

A Yes.

Q Did you buy a motor then?

A Yes, I bought a motor.

Q And where did you buy the motor?

A I bought the motor from, I think it was North Lethbridge Hardware.

Q And was this before or after you bought the boat?

A No, it was after I bought the boat.

Q Was it before or after you bought, or at least, before or after the boat trailer?

A Well, it was in this general time.

Q Around this general time. And who did you buy the motor from, again?

A I think it was North Lethbridge Hardware.

Q What kind of a motor was it?

A A Gale.

Q How many horsepower?

A 35.

Q Who paid for it?

A As I remember, I paid for it, myself.

Q On your cheque?

A I think so.

THE COURT: That was in what month?

MR. WEIR: The boat trailer is June 26th, 1959, and it was just before the boat trailer, did you say?

A I think, well, it was in that general time. I can't remember the exact time, that was a long time ago.

THE COURT:

Q Do you remember how you paid for that motor?

A As I recall, that I had some shares in Alberta Gas Trunkline, that I sold.

Q Yes. Did you pay cash, or cheque?

A I can't remember. It was one or the other.

Q I know. Did the man who owned North Lethbridge Hardware at

that time, in 1959, own any other business in Lethbridge, at that time?

A I think he owned Empire Furniture.

Q Yes. And is it a strange coincidence that there is a cheque to Empire Furniture in the same account, in the amount of, how much---

MR. WEIR: $300.00, July the 22nd, charged to Ray Nelson, N.A.B. That is the 22nd, yes, July the 22nd, 1959.

THE WITNESS: I don't know what cost $300.00. I know a boat motor costs more than $300.00.

MR. WEIR:

Q Well, you paid for this boat motor how much money, again?

A I think it cost me around $400.00, if I remember right.

Q So, it was around $400.00?

A Well, that's just from a guess.

Q Now, are you absolutely certain that you paid for this boat motor either from your own personal cheque, or cash that you had, of your own?

A I couldn't be absolutely certain, because I couldn't remember the trailer purchase.

Q Well, come now, Mr. Nilsson, just think back, doesn't it seem to be a little unusual, or do you accept this as being the standard procedure, of obtaining profits on a venture before the profits are realized, and having them charged to some persons account who is, in some way, connected with the particular transaction, without even discussing this with

him, at all?

A Well, it was never discussed with anyone, that I know of.

Q And you think this is the, it was quite standard procedure, nothing out of the ordinary, at all, in not having any discussion with Mr. Nelson, let's say, concerning this boat trailer for $265.00 that was charged to his account?

A No, I accepted it as it was put through there, Mr. Hatch's okay on it.

Q And you knew that he was going to do this?

A I think so, as I recall.

Q And you are not certain now, as to how the motor was actually paid for, are you?

A It still seems to me that I paid for it myself.

Q Well, are you positive?

A I couldn't be positive.

Q Did you know about this $740.00 charge to Mr. Jones' account at the time that it would have been made?

A Yes.

Q So that you knew this $740.00 was going to be charged to Mr. Jones' account at that time?

A Yes.

Q And you knew that this $265.00 was going to be charged to Mr. Nelson's account?

A Yes, as I recall.

Q Now, thinking very carefully, now, you can't recall for certain as to whether there were any other amounts that would

[illegible] discussed with them [illegible] I know of.

Q And you think this is the [illegible] course standard procedure, [illegible] coming out of the company [illegible] discussion with Mr. Wel[illegible] boat trailer for $265.00 that [illegible]

A No, I accepted it as [illegible] okay on it.

And you knew that [illegible]

I think so, as [illegible]

And you are not [illegible] paid for, are you?

A It still seems to me that I paid [illegible] myself.

Well, are you positive [illegible]

A I wouldn't be posi[illegible]

Q Did you know about this [illegible] of charge to Mr. Jones' account [illegible] at the time that [illegible]

A Yes.

So that you knew this $750.00 was going to be charged to Mr. Jones' account at that time?

[illegible] that this $265.00 was going to be cha[illegible] to account?

[illegible]

You can't recall [illegible] more our other discussion [illegible]

be charged to either Mr. Jones or to Mr. Nelson?

A Not that I can remember.

Q Even including the motor, having regard to this item that we have just read to you, of $300.00, that is charged to Empire Furniture, or at least it is charged to Ray Nelson, non-association business card, and the cheque presumably went to Empire Furniture in this amount?

A No, I can't remember that.

Q Would you take this card in your hands, and read from the second item down, the dates and the amounts?

A March the 16th, Receiver General of Canada $164.05.

Q Now, this is charged to Ray Nelson, N.A.B. card?

A Yes.

Q Now, would you have any knowledge whatsoever, concerning that particular item?

A No, none at all.

Q Absolutely none?

A I heard of this figure from the office, and I checked through, and I have never had a cheque go to there, at that amount, to my knowledge.

Q Would you know of anyone else who may have had a cheque sent to the Receiver General of Canada in that amount?

A No, I wouldn't.

Q Okay. Let's take the next item.

A Parker Electric, $319.00.

Q And what is the date of that one?

Q. Is charged to either Mr. Tone

A. Not that I can remember

Q. Even including the motor, having regard to this item that we have just read to you, $8300.0 is charged to Empire Furniture or at least it charged Mr. Hay Nelson, non-association breakfast, and the menu presumably went to Empire Furniture

No, I can't remember

Would you take this

second

March the

Now, this

Yes.

Now, would you have any knowledge whatsoever concerning that particular item?

No, none at all.

Absolutely none?

I heard of this figure

and I have never had a cheque - - here, I have

knowledge.

Would you know of anyone else who may have had a

the Receiver General of Canada in that amount?

A June the 7th.

Q Or is it---

A July the 7th, excuse me. July the 7th.

Q And what is the amount of that, again?

A $319.00.

Q Now, you were here in Court when you heard Mr. Parker give evidence?

A Yes.

Q Did you know that your partner, Stewart Hatch, was receiving a water softener and being charged to this particular account?

A No, I didn't.

Q No knowledge about it, at all?

A No, no knowledge.

Q Did he ever discuss anything about any charges that may have been made to any accounts, and in particular, the Nelson account, and the Jones account, that may have been for his benefit?

A He never discussed them with me, no.

Q Okay. Read the next one, please, the next entry?

A Empire Furniture, $300.00.

Q And you are certain now, having lots of time to think this over, that this would not be for anything that you would have any knowledge about, whatsoever?

A Well, nothing that I can remember.

Q Okay. Let's tackle the next number.

A Raymond Agencies, 76.12.

6 Ibsen

Only two 7th grades

And what is the pro

$213.00.

Now, you were here in court was [illegible] to Barber give

evidence?

A Yes.

Q Did you know that your partner, Edward Hatch was [illegible]

a waiter and bartender and [illegible] in our jurisdiction?

A - No, I didn't.

Q No knowledge about it.

A No, no knowledge.

Q Did he ever discuss any

been made to any accounts

account, and the joint account [illegible] may have been for his

benefit?

A He never discussed them

Q Okay. Read the last one

A [illegible] $300.00

[illegible] sub-contain non [illegible] of time to think

that this [illegible] can be for working [illegible]

knowledge about, whatsoever

Q Now, what is the date of that again, please?

A That is July the 22nd.

Q Now, would you have any knowledge about that particular item?

A No, I wouldn't.

Q You are certain that you wouldn't know of any benefit either you or Mr. Hatch would receive from that amount?

A Well, not that I can remember anything that I had, and if Mr. Hatch had, I wouldn't know.

Q Okay. What is the next item?

A Scandia Iron Works, $100.00, July the 22nd.

Q And do you know of any, of your own knowledge, about why that particular charge should be made to Mr. Nelson's account?

A No, I have no idea.

Q Well, he hasn't either. And the next one is Dogterom Equipment Ltd., this is the boat trailer?

A Yes, that's right.

Q Now, we have been talking about boats, boat motors, boat trailers, did you insure this equipment?

A Yes, I insured it.

Q Where?

A Raymond Agencies.

Q How much was the premium?

A $25.00.

Q For how long?

A For one year.

Q And how many years did you insure?

A One year.

Q And so the total amount would be $25.00?

A That's right.

Q And you are absolutely certain of this?

A I am quite certain of that, yes.

Q How did you pay for this?

A By cheque, myself.

Q In the amount of?

A $25.00.

Q Did you have any other insurance through Raymond Agencies?

A No.

Q You are certain of this?

A Nothing that I can ever remember.

Q Do you know anything about Scandia Iron Works, at all?

A No, I don't know anything about Scandia Iron Works.

Q Someone told me they install wrough iron railings, although, I am not from Lethbridge. Would you think this would be right?

A I would imagine.

Q And did you have any discussions with Mr. Hatch concerning any wrought iron railings?

A No, no.

Q None, whatsoever?

A No.

Q And having regard to the fact that this organization installs wrought iron railings, and Mr. Jones knows nothing about it, and you have a boat trailer charged in this series of entries, at least, you still maintain that you know nothing about this particular item, is that correct?

A That's right.

Q Now, in this Jones feed account there is the charge of $740.00, which we have already gone into.

A Yes.

Q And the charge of November the 11th, Burrows, $169.27. Now, you have already heard the testimony of Mr. and Mrs. Burrows concerning this item?

A Yes.

Q Did Mr. Hatch discuss this with you, at all?

A No.

Q Did you feel that you were getting your fair share of the profits?

A Yes, I felt I was.

Q Did you think that Mr. Jones and Mr. Nelson were getting their fair share of what was entitled to them?

A Well, I was told they were.

Q By whom?

A By Mr. Hatch, and if they hadn't been, I am sure they would have said something.

Q Well---

THE COURT: How could Nelson say something if

he didn't know about it?

A Well, I can't tell you that.

MR. WEIR:

Q Let's look at this particular card. Here is another Jones, this one is Jones and Kline. Do you have any knowledge about this item, October the 13th, 1959, Tollestrup Construction, $882.42?

A No, I haven't.

Q Do you know what this organization does?

A They are contractors, I think, aren't they? Haul gravel.

Q I don't know, I presume so, that's what it says. Gravel, asphalt, as well?

A I imagine.

Q Do you know, Mr. Jones doesn't seem to know anything about that particular item, would you know of any asphalt construction in around this particular time that would justify this particular charge to Mr. Jones' account?

A No, I don't.

Q No knowledge about this, at all?

A None, at all.

Q Did you go over with Stewart Hatch, all of the settlements?

A No.

Q Regarding these particular transactions?

A No.

Q You never did?

A No, no.

Didn't know about it?

Well, I can't tell you.

MR. WEIR:

Q Let's look at this pay-

roll, this one.

A Knowledge about

Following Donat

A No, I haven't.

Q Do you know what in

A They are contractors.

Q I don't know, I presume

anyhow.

A I imagine.

Q Do you know, Mr. Jones here-

A that particular item, work you

[illegible] on in around this period

[illegible] this particular charge

No, I don't.

No knowledge about this.

[illegible], et cetera.

[illegible] go over with Stewart Hatch all of the as-

[illegible]

Q In other words, you received a boat trailer on one particular account, did you ever discuss with Mr. Hatch whether you owed any money on this, or whether there was more money coming due?

A No, if there was he always told me.

Q Soyou never mentioned it, at all, to him?

A He told me that these charges were made, and that that was for money that I would have coming.

Q That you would have coming. So you are admitting that you received the money before you were supposed to receive it?

A Well, yes. The entries show that.

Q Well, do you think that these individuals should receive any interest on this money that, or advantages of money that you received?

A What would it be, a matter of two or three months?

Q Yes.

A I would say yes, that they would be entitled to it.

Q They would be entitled to it?

A Yes.

Q Do you know whether there was any accounting, at least to adjust interest?

A Not to my knowledge, I wouldn't know if there was.

Q So, you are not familiar with any final settlements on any of these deals involving Jones or Nelson in 1959?

A No, I am not.

Q Does this strike you as being good business, not having

In other words, you received [illegible]

Q Particular accounts, did you ever discuss with Mr. Hersh whether you owed any money on this or whether there was more money coming due

No, if there was he always told me.

So you never mentioned it [illegible]

A He told me that under-charges, fees made, and that was for money that I would have coming

Q That you would have coming. So you are assuming the received the money before you

A Well, yes. The article said that

Q Well, do you think that these individuals should receive any interest on this money that [illegible] advance you received?

What would it be, a matter of two or three months?

Yes.

I would say yes, that they would be entitled to it

[illegible]

Do you know whether there was any accounting, at least [illegible] interest?

[illegible] to my knowledge, I wouldn't know if there was.

[illegible] I not further with any final sort

[illegible]

any idea as to whether or not there is a final settlement of a particular partnership venture?

A Well, looking at it now, probably no, it wouldn't be good business.

Q Well, at that time---

A But at that time I gave it no thought.

Q At that time it seemed like good business to you?

A Well, I never gave it much thought, one way or the other.

Q And you discussed none of these entries, at all, either with Mr. Jones or with Mr. Nelson?

A I didn't, no.

Q And you never thought for a moment that it would be a nice idea to mention something to either one of them about it?

A No, I didn't.

Q In fact, you didn't recall the boat trailer until you were presented with the cheque?

A No, that's right, I didn't.

Q And in spite of the fact that you see these other entries, and if you like, you can have a look at the cheques, you maintain that you have no knowledge of what these cheques would be for?

A No knowledge that I can remember of.

Q Did you receive any purchases from Empire Furniture, for example? Did you buy anything from Empire Furniture?

A Well, I bought any furniture I bought from Empire Furniture.

Q Now, how did you pay for it?

A I either paid for it by cheque or by cash.

Q Whose cheque?

A It would have been my own cheque.

Q And cash?

A It would have been money I got, borrowed from the bank.

Q I see. And Mr. Hatch didn't discuss any of these charges, at all, that he was receiving the benefit of?

A No.

Q Did you ever receive a receipt, getting back to this Raymond Agencies, did you ever get a receipt from Raymond Agencies for the payment that you made to them on your boat insurance?

A Yes, I imagine they would issue a receipt.

Q Well, I imagine they would. I am asking you if you received a receipt from them?

A I would usually send my insurance by cheque, and I can't remember whether they mailed me one back or not.

Q Did you know the person owning Raymond Agencies, personally?

A Well, I knew him to see him.

Q The only reason I am asking, you lived in Lethbridge, at the time, didn't you?

A Yes.

Q And yet you are insuring at Raymond Agencies?

A Well---

Q Is this agency at Raymond?

A Yes. I could get my insurance from them quite a bit cheaper

than I could the ones in town.

Q How? Why?

A I don't know why. They just quoted me a lower figure.

Q But the only insurance that you obtained through them was the insurance on this boat?

A That's right.

Q And you are absolutely certain that it was $25.00?

A That was very close, 25, $26.00, something of that nature, I can't remember exactly, but I can find it.

Q And you used this boat, the motor for the boat, and the boat trailer for, I presume, boating?

A That's right.

Q Where did you take the boat and the motor on your trailer?

A Oh, Park Lake, and to Waterton.

Q Did you ever take it to your nice cottage down in St. Marys?

THE COURT: Oh, he hasn't built that yet.

MR. WEIR: Oh, that's not built yet.

THE COURT: He didn't build that until last year, did you Mr. Nilsson?

A No.

MR. WEIR:

Q You mentioned the last time you were here, Mr. Nilsson, about some involved arrangement, or, at least it seemed to me to be a little strange, but this arrangement between you and Mr. Hatch regarding this $3,000.00 that you formerly had invested into Mr. Hatch's share of the Hin.Hat.Som. Ranches,

and you said that you were getting back your money, or $3,000.00, approximately, as I recall, from the construction of the cottage at St. Marys?

A Yes.

Q Now, what about the boat, the boat and motor, and the boat trailer? Were you still going to own these items?

A That's right.

Q Was this going to mean that you were going to still, then, be able to use the cottage?

A Yes.

Q So Mr. Hatch, then, was in effect, paying for an extra $3,000. share with his money, plus $3,000.00 of your previous share in this cottage at St. Marys, and you were still going to be allowed to use the cottage, is that correct?

A Well, I don't follow you, at all.

Q Well, I understood that when you first built this cottage or intended to build this cottage at St. Marys, that you were both going to split the expenses?

A That's right.

Q Now, youmentioned to us that you were going to receive back from Mr. Hatch, your original $3,000.00, if that's the figure, is that the figure?

A No, it's not.

Q Investment in Hin.Hat.Som. Ranch? What wasyour investment?

A My investment was $3,000.00.

Q Yes. Now, as I understand---

A And Mr. Hatch had secured the money to build the cottage. I had no money invested in the cottage.

Q You had no money invested?

A No, except, just some small local bills that I had paid here, and this $3,000.00, when we ended up figuring out, why, it was going to be to put in, to take care of my share of the money that he had built the cottage, that he had arranged for, to build the cottage.

Q Oh, I see. When the cottage was initially being built he was paying for all of the expenses?

A He arranged for the money.

Q Oh, I see, I see. So then, this $3,000.00 that he was going to cancel out on your deal in the Hin.Hat.Som. arrangement, this $3,000.00 cancellation, or return, was going to be arranged through this cottage deal, now you were going to be putting $3,000.00 through this---

A Yes. Wouldn't be any transaction at the time, he would just be paying for my share of the indebtedness.

Q Now, would you tell us again as to how you acquired the materials that went into the construction of this cottage?

A Well, we bought them.

Q You bought them?

A Yes.

Q How were they paid for?

A Mr. Hatch paid for them.

Q Mr. Hatch arranged for them?

Mr. Raisch and assured the county so
I had no money invested in my
You had no money invested
A No, except that some
here, but this $4,000.00 was we spent up filming on
why, it was going to be [illegible]
share of the money, [illegible] that all the oil
had arranged for, to build [illegible]
Q Oh, I see. When the notes [illegible] initially were built he
was paying for all of the [illegible]?
A He arranged for this
Q Oh, I see, I see [illegible] this $4,000.00 that he was going
to cancel out or [illegible] that is [illegible] the
this $4,000.00 somewhere or [illegible] was going to be
expensed through this corporate [illegible], how you were going to
be putting $3,000.00 [illegible]
A Yes. Wouldn't be any transaction at the time, he would just
[illegible] for [illegible] the [illegible].
Q Now, would you tell us again as to how you acquired the
materials that went into the construction of this [illegible]
[illegible] we bought them.

A Yes.

Q You said that Mr. Hatch arranged for all of the building supplies, didn't you?

A Well, outside of the few items that I paid and took them down myself.

Q Yes, but you just mentioned a minute ago, that Mr. Hatch arranged for all of this?

A Yes, yes, he arranged for this.

Q Now, you didn't know anything about Parker Electric, nor this account of Burrows, one for $319,00, and one for $169.00 and some odd cents. Do you know, for certain, how Mr. Hatch paid for these materials that went into the construction of this cottage that you now maintain you have a one-half interest in?

A No, I don't know for certain.

Q You haven't any knowledge for certain?

A No.

Q Do you know anything about the purchase of saddles by the Association?

A Not by the Association.

Q Well, through the Association?

A Yes, I purchased a saddle through the Association.

Q You purchased a saddle through the Association?

A Yes.

Q When did you purchase it?

A I think it would be in about 1961, or 62.

Q 1961, or 62?

A Yes.

THE COURT:

Q What would it cost about, roughly?

A I think $175.00.

Q Yes.

A The bill was sent down to Lethbridge Central Feeders from Kenway Saddle Company, in Lethbridge. It was paid off there and charged to my advance account. At least, that was the instructions that was given.

MR. WEIR:

Q Do you know for certain that it was charged to your advance account?

A I don't know for certain, no.

Q Have you ever checked, at all?

A Well, I checked and knew my advance account was paid off.

Q No, but did you ever check to make sure it was charged, initially, to your advance account?

A No.

Q Never did?

A Not to my knowledge.

Q Have you a bank account, Mr. Nilsson?

A Yes, I have a bank account.

Q Do you ever check with your banker to see how you are doing in your bank account?

A Yes.

1963, or 64?

Yes.

THE COURT:

Q What would it cost them, roughly?

A Thirty $173.00.

Q Yes.

A The bill was sent down to Lethbridge, Jenny Kenway Secretary Company, in Lethbridge and charged to my advance account. At least that was the instructions that was given.

MR. WEIR:

Q Do you know for certain that it was sent to your advance account?

A I don't know for certain.

Q Have you ever checked, at all?

A Well, I checked and saw my advance account was paid off.

Q No, but did you ever check to make sure it initially, to your advance account?

A No.

Q And yet, you never checked your Feeder Association entries?

A Well, I was working with fellows I knew, then, and---

Q Do you know of anyone else that obtained a saddle through the Association in this fashion?

A No, not for sure.

Q Are you certain? Now think, now. You don't know of anyone else that obtained a saddle through the Association?

A Well, Mr. Hatch had a saddle, but I don't know how he obtained it. If that's what you are getting at, and I presume it is.

Q Just asking a question. When did he tell you he had a saddle?

A Oh, I can't remember.

Q You can't?

A No.

Q Well, think carefully, now. Do you know of anyone else that mentioned to you that they obtained a saddle in this fashion?

A No, no one.

Q You are absolutely certain?

A Not to my knowledge, I can't remember.

Q No one else?

A No one else.

Q Well, where you have a saddle you normally have a horse?

A That's right.

Q And do you know of anyone that obtained a horse through the

Q You never choose your saddle. Association overrides?

A Well, I was working w- Fellows' knew her d---

Q Do you know of anyone else had obtained a saddle through the Association this fashion?

A No, not for sure.

Q Are you certain? Now think now. You don't know of anyone else that obtained a saddle through -- Association?

A Well, Mr. Watson had a saddle but I don't know how he obtained it. It that's what you're getting at and I presume it is.

Q Just asking a question. The day that you got your saddle?

A Oh, I don't remember.

Q You don't?

A No.

Q Well, think carefully, now. Do you know of anyone else that mentioned to you that they obtained a saddle in this fashion?

A No, no one.

Q You are absolutely certain?

A To my knowledge, I don't remember.

benefit of the Lethbridge Central Feeders Association, or at least, initially paid by them?

A No, I don't.

Q You are absolutely certain?

A Yes.

Q What about other equipment for horses? They normally have bridles and that sort of thing, did the Association purchase other equipment for the horses?

A Well, when I bought my saddle there was a bridle with it.

Q There was a bridle with it?

A Yes.

Q What about cowboy boots, and hats, and fancy western garb?

A No, they didn't pay for any of that for me.

Q They didn't?

A No.

Q Well, do you know anyone else that obtained these items through the Association?

A I think one Christmas that they gave---

Q No, I am not talking about gifts at Christmas. I am talking about purchases through the Association in this fashion that you are discussing?

A No, I don't.

THE COURT:

Q What gift were you thinking of Mr. Nilsson?

A There was, I think there was a pair of boots, or two pair of boots given to the fellows who run Canadian Dressed Meats.

Q Alright.

A Just as a Christmas gift.

MR. WEIR:

Q Would there be any such presents to any of the office staff, that you---

A No to my knowledge. I never received any.

Q Or anyone related to the office staff?

A No.

Q Do you know anything about this mysterious third person, I believe there is a mystery third person in this Alsop account, or I may be mistaken, but it seems to me there was some testimony about a mystery person. Do you know anything about that?

A No, I don't.

Q You are absolutely certain?

A Yes.

Q You don't know anything about it?

A No.

Q And no one else mentioned anything to you, at all, about it?

A No. I have heard that there was three people in on it, but that's all.

Q Yes. But you don't know who this mystery third person might be?

A No, I don't.

Q No further questions, Your Honour.

THE COURT: Mr. Moscovich?

Just as a Christmas gift.

MR. WEIS:

Would there be any

that you---

No to my knowledge

Or anyone related to

No.

Do you know anything

I believe there is a

account, or I may be

some testimony about

about that?

No, I don't.

You are absolutely certai

Yes.

You don't know anything

No.

And no one also mentioned anything to you, at all, about it?

No. I have heard that there was three people in on it, but

in all.

Q. Do you don't know who this mystery third person i

MR. MOSCOVICH: No, thank you.

MR. LEITCH: Nothing.

MR. PROWSE: Just a couple of questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Now, Mr. Nilsson, canyou tell me when the corrals were put up at the Medicine Hat holding pen?

A I think they were started three years ago in the spring, in the summer time.

Q That would be in the summer of 1962?

A I think that's right.

Q And that is the firm that you had the right to be a partner in, I believe.

A That's right.

Q Do you know whether lumber was hauled from Lethbridge Central Feeders down to Medicine Hat for the corral?

A There was none.

Q There was none?

A No.

Q You are quite satisfied of that?

A Positive.

Q Was the material for the St. Marys cottage hauled from Lethbridge down across the line?

A Some of it was, and some of it was bought across the line.

Q And that that was hauled down from Lethbridge was taken down by Pereverziff, was it?

A No.

MR. SOVITCH: Move. Thank you.

MR. LEMMON: Motion.

Q Now, Mr. Nilsson, could you tell me what kind put up at the Medicine [illegible] Meadows year?

A I think they were [illegible] two years in the summer time.

Q That would be in the summer of 1962?

A I think that's right.

Q And that is the firm that [illegible] in the [illegible] to be a partner in, I believe.

A That's right.

Q Do you know where Lumber was pulled from Leatbridge General Hardware Co?

A There was none.

Q There was none?

A No.

Q You are quite sequested of that?

Was the material for the St. Marys College Lumber Co [illegible] Meadows the time?

A It was. Some of it was pulled across [illegible] from Leatbridge [illegible]

Q Who hauled it down?

A It was hauled on a trailer behind a car.

Q Pereverziff never hauled anything down there?

A No, no.

Q I think that's all.

THE COURT: That's all, thank you.

MR. MOSCOVICH: Thank you very much Mr. Nilsson.

THE WITNESS: Did you want this?

MR. MOSCOVICH: Might as well stick it in there.

MR. WEIR: Yes, mark this as an exhibit.

(WITNESS STANDS DOWN)

THE COURT: Do you want it marked, or the same---

MR. WEIR: Well, it can be attached to the---

THE COURT: Probably we better make it F-19.

EXHIBIT NO. F-19
Document.

MR. WEIR: Mr. Tanner, please.

JAMES H. TANNER, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q You are James H. Tanner?

A That's right.

Q And you are from Barnwell, Alberta?

A Yes sir.

Q I am showing you a ledger card in the Lethbridge Central Feeders Association with your name on it. Do you recognize this card?

A Well now, let me have a look at it.

Q Just take your time.

Have you seen it before?

A I have seen it, I presume it was this one, in the books, in the fall of 1964, yes. This looks---

Q The fall of 1964?

A That's right. This looks to be my card, as far as I can tell.

Q January the 16th, 1964, this is a contract, I believe, with your name on it, in the amount of $5,000.00, as you see.

A That's right.

Q And is this your signature here?

A That is my signature.

Q Thank you. Now, Mr. Tanner, did you pay a membership fee?

A No, I didn't at the time, not in cash, and this was to be charged to my account, as I understood.

Q Who did you discuss this matter with?

A With Mr. Hatch.

Q And Mr. Hatch said he would charge this to your account?

A This was the understanding that I had.

Q Do you see any item for $500.00 membership fee marked in the debits---

A I am sure that this hasn't been charged to my account.

Q Why are you so certain?

A Because I was aware of the original amount that should have been charged to my account on this transfer, and I am aware

of the balance, and I am aware of the figures in the transactions since then, so, I thought at the time, and I thought through the summer that this had been charged to my account, and was paid when I saw the card, and then I received a letter from Mr. Peterson, and I had indicated to members that I thought, now, without going through this by detail, that it had been paid and charged to my account, but when I went home and looked at the figures and having looked at the card, I knew it was not paid and was still outstanding.

Q When did you have your discussions with Mr. Hatch concerning the membership fee?

A It would, now, I have a cheque for December the 30th, which was in this account, and this was at the time when we discussed the membership, the last of 1963.

Q December of 63---

A That's right.

Q You discussed the membership fee?

A Yes.

Q And it was your understanding that the membership fee would be charged to your account?

A This is right.

Q And he said he would accomplish this?

A This is what I understood, now, I don't recall the exact details of the discussion, this was the understanding.

Q Did you have any other discussions with Mr. Hatch regarding

membership?

A Not any other, at that time, no---

Q Well, I just---

A Well, I never have, actually, had any other, regarding membership.

Q Did you receive a copy of the auditor's report, December 1963, this is the last auditor's report?

A Yes, I know what you are speaking of, but I don't recall if I received a copy of that or not.

Q I believe there is a notation on page 6 in that document, which was sent to all of the members, to the fact that you were accepted for membership without the Directors approval recorded in the minutes. Did you see this entry, at all?

A I didn't see it in the auditor's report, no, because I---

Q Did anyone ever mention this to you before?

A No sir.

Q Did you say no?

A No sir, no one ever mentioned it.

Q Would you read the first entry on your ledger card, Mr. Tanner?

A This is in 1963, October 9th, transfer from L. Johnson, I don't know what the, oh, that's the file number, J49, $2,073.78.

Q And that's debited to your account?

A This is correct.

Q I am showing you Leonard Johnson's ledger card, address,

[illegible]membership

A Not any other, at least [illegible]

Q Well, I just---

A Well, I never have a [illegible] had a [illegible], regarding membership.

Q Did you receive a copy of the [illegible] report, in [illegible] 1963, [illegible] the [illegible] and [illegible] report?

A Yes, I know what [illegible] operation of [illegible] if I recollected [illegible], or [illegible]

Q I believe there is a [illegible] on page [illegible] [illegible] which was sent to all of the members [illegible] that [illegible] were accepted for membership [illegible] recorded in the minutes. Did you see [illegible]

I didn't see it in the [illegible] report [illegible]

Did anyone ever mention [illegible]

No sir.

Did you say [illegible]

A No sir, no one ever mentioned it.

Q Would you read the last [illegible] on [illegible] page [illegible], Mr. Tanner?

This is in 1963, October [illegible] [illegible] [illegible] at the, [illegible], that's the [illegible] number, [illegible]

presumably, Lethbridge.

A That's right.

Q And there is a credit in that amount in his account?

A This is right, and as it should be.

Q Well, what---

A According to my understanding.

Q Well, what does this entry represent?

A Alright. I am running Leonard Johnson's place, and I fed with my father-in-law a long time ago, and I---

Q Leonard Johnson is your father-in-law?

A No, now, wait a minute.

Q Sorry.

A I am operating Mr. Johnson's farm, and in 1959 he had cleaned out his account because of the sale of a ranch, and I think this was 1959, and I was operating his farm in Barnwell, and I operated on his account, with his knowledge of it, with a credit limit of $10,000.00 at that time, until this period of time, in which time I had obtained some land, and Mr. Hatch said, "You are entitled to a membership, Mr. Johnson wants to use his account again, personally". So I made the application, and the understanding was that this would be transferred, I made the application in December, and that's why this was debited or credited to Mr. Johnson's account, and debited to mine, and so I was on my own with this balance debited to my account, in 1963.

Q Yes. Now, in looking at your own account I see reference

Sir, between

right.

Q Where is a one if that amount in his account?

This is right, and as it should be.

Q Well, what---

A According to my understanding.

Q Well, what does this entry represent

A Alright. I am trusting my son and husband. Since and

led with my father-in-law. Long time ago and I---

Q Leonard Isaacson is your father-in-law?

A No, now, wait a minute

Q Sorry.

A I am operating Km-Washington a farm ... in 1955 in and

cleaned out his account because of the sale of a ranch,

and I thing this was left

in Barnwell, and I operated on a account with a

knowledge of it with a total limit of $10,000.00 at that

time, until this stand at time, in which case I had

obtained some loan, and Mr. Hatch said "You are entitled

to membership. Mr. Johnson wants to see his account

personally." So I made the application, and the wind

the transal area. I made the applicaty

's why this was left or credit

to cattle coming in and going out?

A Yes.

Q But I don't see any notation on any portion of this card of yours representing any cattle which would be financed by this, a first entry of $2,073.78?

A Well, this was a balance account, there was no cattle transaction because, from 1959 any cattle that were on the Leonard Johnson account and any transaction from that time until this time was my own, it didn't involve Mr. Johnson, other than he---

Q Where were the cattle?

A They were on his farm, under my care.

THE COURT:

Q Well, where were your cattle?

A My cattle?

Q That was represented by this 2,000---

A Well, this is, that's all one lot, nothing to do with Mr. Johnson, as far as he and his cattle. These were my cattle on his contract at that time.

MR. WEIR:

Q Now, where were they?

A They were on the Leonard Johnson farm, at Barnwell, which I am operating.

Q And were they there when that transfer was made?

A Now, there is a deficit, admittedly, at this time I had some cattle, some calves to offset this amount, almost

enough to cover it at that time.

Q Perhaps it would be easier if you looked at the Leonard Johnson card.

A Yes.

Q Now, there is an indication on this card to be 59 animals, it looks like, on this date, when this---

A On this date?

Q Well, that's what it says, 1959, on the card, and then it says $2,073.78.

A Let's go back to, this is in 1962.

Q Yes.

A With no change of--- No, this is 1963.

Q This is all 1963.

A Yes.

Q There is not too many entries?

A There should be an entry, there is an entry of $5,000.00 here.

Q Okay.

A This cattle account, I don't know where this came from actually, I don't know if that cattle account there is right at that date, it seems a little high at that time.

Q Well, about how many would there be, then? This is what we are getting at.

A Now, this is in the fall of 1963?

Q Yes.

THE COURT:

Q How many did you take over on this transfer?

MR. WEIR:

Q Yes.

A I had 18 calves at that time on this, for this amount of money.

Q 18 calves?

A Yes.

Q And when you started your own ledger card would you keep these animals on your---

A This is right.

Q On your farm?

A That's right. Still on Mr. Johnson's farm, I am still on his farm.

Q Oh, I see.

A But we cleaned his account, as far as my operation of his account was cleaned out, entirely. There was no obligation to him, and it was all transferred to mine at that time. It showed a nil balance there, you see.

Q No further questions.

THE COURT: Any questions?

MR. MOSCOVICH: No, Your Honour.

MR. LEITCH: No.

MR. PROWSE: No.

THE COURT: The only reason we asked you to come, Mr. Tanner, is that we were interested in the mechanics of transferring an account---

MR. WEIR:

Yes.

I had 12 salves at that time on this for his

but we charged his account, as I was my operation of his account.

So that [illegible] was all transferred to mine at that time.

I should a bill before here you see.

THE COURT: Any questions?

MR. MCCONNIGH: No, Your Honour.

MR. LEITCH:

MR. PROSS:

MR:

THE WITNESS: Yes.

THE COURT: Without the knowledge of the Board of Directors.

THE WITNESS: I was under the impression that they would know. My neighbor, Mr. Stevens is one of the Directors, and I was under the impression that they would know, and I received my copy in January of 1963, of the approved account. I realize now, looking at the card, that there was a time lapse there when this had been transferred to my account before I had a contract.

MR. WEIR:

Q Excuse me, did we establish the relationship between you and--

A Well, he is my uncle, by marriage, Mr. Johnson is.

Q I see, fine, thank you.

THE COURT:

Q That is your card, is it?

A Yes.

MR. WEIR: Thank you.

(WITNESS STANDS DOWN)

MR. WEIR: Mr. Johnson please.

THE COURT: Oh, well, is there any necessity, now?

MR. WEIR: Well, I don't think so, unless, he was on the list.

THE COURT: Yes, I don't think so.

MR. WEIR: Alright.

THE COURT: We may as well take a break at the moment.

MR. WEIR: Fine, thank you, Your Honour.

(FIFTEEN MINUTE ADJOURNMENT)

MR. WEIR: Peter Maloff.

PETER MALOFF, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q You are Peter Maloff?

A That's right.

Q Now, Mr. Maloff, what connection did you have with Lethbridge Central Feeders Association?

A I was contacted by Mr. Hatch to spot cattle for them in the Cowley area, and, to buy them cattle, which they paid me a commission.

Q And what was that commission?

A It was 25¢ a hundred.

Q A hundred?

A Most of the time.

Q Well, what was it the other times?

A Well, there was times when they bought cattle they paid me so much a head, cows, like.

Q And how much would you receive a head?

A Oh, it amounted to $1.50 to $2.00.

Q And approximately how much money would you earn in the run of a year in this cattle spotting work?

A Well, I have a statement here, just to be exact.

THE COURT: To be exact?

MR. WEIR:

Q Did you say this was going to be exact?

A Yes.

Q This is most refreshing.

MR. PROWSE: I am sorry he wasn't a feeder.

MR. MOSCOVICH: Can I have a copy, please? I know Mr. Maloff very well, I examined him in Calgary some time ago.

MR. WEIR: Are you trying to frighten him Mr. Moscovich?

MR. MOSCOVICH: That's right, isn't it, Mr. Maloff?

THE WITNESS: I guess.

MR. WEIR:

Q Now, at the top of this statement you have marked your own name, and Stu Hatch, and it is a statement of cattle operations for the year ended at December 31st, 1963, and I see at the bottom, I see you have a net profit for the year of $4,152.94, and then you have allocation of net profit, Peter C. Maloff, 50%, $2,076.47, and Stu Hatch, 50%, for $2,076.47, for the total of $4,152.74.

THE COURT: Not again.

MR. WEIR: Would you mark this, please.

Q Now, would you please tell us a little more about this?

THE COURT: What is the number?

CLERK OF THE COURT: F-19.

THE COURT: F-19, fine.

EXHIBIT NO. F-20a
Document re Peter Maloff.

THE COURT: Go ahead. Sorry to interrupt.

THE WITNESS: When we first started the operation I didn't know exactly how it would go, but after it progressed a little while we sort of made a partnership and he collected half of the commissions.

MR. WEIR:

Q Now, what do you mean, when you first started? When did you first start your association with Mr. Hatch?

A Around March the 8th, 1963.

Q March the 8th, 1963. And what was the conversation you had with Mr. Hatch at that time?

A He told me that he used to have fellows spotting cattle for him in that area, Doug Leighton, and he passed away, and he asked me if I would do the same for him, and I didn't know what it would be, but I was operating an implement business at the time, and I knew all the contacts real well, I thought it would be a good idea, so I went along with him.

Q Yes. And you have mentioned to us the amount of monies that were going to be received from the Feeders Association?

A Yes.

Q Yes. Now, did you receive this amount of money in 1963?

A That's right.

Q And you divided a certain percentage of the proceeds with Mr. Hatch?

A That's right.

Q And approximately how much did you divide with Mr. Hatch?

A It's right in the statement there.

Q This is the amount here?

A That's right.

Q When did you first start, did you say?

A March the 8th---

MR. MOSCOVICH: March 1963.

THE WITNESS: 1963.

MR. WEIR:

Q Now, does this represent the complete amount of monies that you received from the Lethbridge Central Feeders Association, namely, this amount of $4,152.94?

A On commissions, yes.

Q You received this money?

A Yes.

Q This was in the form of cheques?

A That's right.

Q Did you receive any other monies from the Lethbridge Central Feeders Association?

A No.

Q None other. And then you divided this with---

A Excuse me. There was other monies received, excuse me, for deposits on some cattle.

Q Deposits on cattle?

A Yes. We would have some people that would want a deposit,

and they would write me a cheque to my account, to which Mr. Hatch had the full power of attorney.

Q Mr. Hatch had a full power of attorney in your account?

A That's right.

Q Where was this account?

A At the Treasury Branch in Pincher Creek.

Q In Pincher Creek. And what was this account used for?

A For purchasing cattle and buying cattle anywhere we were at, to make a deposit on cattle, and we used that account.

Q So, would I be correct in assuming, then, that you and Mr. Hatch were partners in certain cattle transactions?

A Yes.

Q Did you keep a record of those particular transactions?

A Mr. Hatch kept a record, and he has the records with him.

Q Mr. Hatch kept those records?

A Yes.

Q Did you keep a record of the income that you made from this particular partnership venture?

A In 1963, yes, I kept a record of it. It's right there, that was done up by Parkin and McNabb, Chartered Accountants here in Lethbridge.

THE COURT:

Q No, but Mr. Weir is referring to any cattle deals separate and apart from that. Was there any income?

A There was no separate cattle deals except that went through this deal here.

Q [illegible] they would write me a check in my account, to which Mr. Hatch had the full power of attorney.

Q Mr. Hatch had a full power of att[illegible]

A That's right.

Q Where was this account?

A At the Treasury Branch in Pincher Creek.

Q In Pincher Creek. And what was this [illegible]

A For purchasing cattle and buying [illegible] arrangements were at, to make a deposit or [illegible] [illegible].

Q So, would I be correct in assuming [illegible] that you and Mr. Hatch were p[illegible]

A Yes.

Q Did you keep a record of those particular transactions?

Mr. Hatch kept a record and I [illegible] records with him.

Mr. Hatch kept those records.

Yes.

Did you keep [illegible]

particular partnership venture?

A In 1963, yes. I kept a record of it. [illegible] that was done up by Parkin and Mobbs, incorporated Accounts

MR. WEIR:

Q None, other than these?

A No.

Q Well, am I correct in assuming that this figure of $4,152.94 represents the total amount that you received from the Lethbridge Central Feeders Association for cattle spotting?

A That's right.

Q So, you did the spotting?

A Yes.

Q And then you divided 50% of the proceeds with Stewart Hatch--

A That's right.

Q The supervisor of the Association?

A Yes.

Q Now, was this the pre-arranged deal?

A It wasn't pre-arranged. It started off, it wasn't arranged, but that's the way it ended up.

Q When was this particular amendment to the original transaction made?

A At the end of the year when income tax time came around.

Q So, all of a sudden, around December of 1963, Mr. Hatch arrived, did he?

A Yes.

Q And he suggested that he was entitled to 50% of what you received?

A Well, no, he was taking out some of that money as it went

[illegible]

Q None, other than [illegible]?

A No.

Q Well, you [illegible] concerned in [illegible] [illegible] in [illegible] 1524.04 representing the [illegible] that you received from the Leatherbury [illegible] Technical Association for [illegible] spotting?

A That's right.

Q So, you did the spotting?

A Yes.

Q And then you divided 50% of the proceeds [illegible] among the [illegible]

A That's right.

Q The supervisor of the [illegible] was

A Yes.

Now, was this

A It wasn't pre-[illegible] target. It started as a [illegible] [illegible] but that's the way it ended up.

When was this particular amount [illegible] the original transaction made?

At the end of the year when income tax time came around

So, [illegible] around December of 1963, Mr. [illegible]

[illegible] to [illegible] of what

[illegible]

along.

Q Oh, this is the account that he had the---

A He had a cheque book of his own, and I had a cheque book of my own.

Q I see. Were you writing cheques as fast as Mr. Hatch, or was he ahead of you?

THE COURT: Well now, let's just be---

THE WITNESS: Pretty close.

MR. WEIR:

Q But at the end of the year this settlement was made?

A That's right.

Q Of 50% for both of you?

What did Mr. Hatch do to earn this $2,076.47?

A Well, he came out and went in the country and looked at these cattle, I believe.

Q I see. On all occasions?

A No, not all, most of them.

Q And most of the time he would go with you?

A That's right.

Q Now, were you involved in any other business transactions with Stewart Hatch?

A Oh, I had an implement agency at that time. I sold some equipment to him, and to their different ranches.

Q What---

THE COURT:

Q Different, what did you say, to different ranches?

A To his ranch at Cardston, and to the ranch down at Cranbrook.

Q Oh, I see, yes.

MR. WEIR:

Q I see. Did you sell any other equipment?

A I recall selling them a mixer for the ranch at Riverview---

Q Riverview?

A Riverview, here.

Q This is the grinder for what, $2300.00?

A Yes.

Q Yes.

A Of approximately there, somewhere.

Q What about equipment to, well, was there any other equipment that you can recall selling to Riverview?

A No, none to Riverview.

Q What about the Cranbrook ranch?

A I sold them, well, before Mr. Hatch took over there I sold Doug Leighton, at the time, an irrigation system.

Q Yes.

A And then, while Mr. Hatch was in operation there I sold them some irrigation pipe.

Q You sold them some irrigation pipe?

A And I sold them a new tractor, and a new baler.

Q Yes. And was Mr. Hatch receiving any percentage of the profits on these transactions?

A No.

Q Were there any other business dealings between you and

Q. Ranch as Grandview, and so the ranch down as Greenbrook?

Q. I see. Yes.

MR. WEIR

Q. I see. Did you sell any other equipment

A. I recall selling then a crew for Jr. Ranch at Riverview.

Riverview

A. Riverview, here.

Q. This is the grinder you were referring

A. Yes.

Q. Yes.

A. Of approximately three, somewhere.

Q. What about equipment to, well, was there any other equipment that you can recall selling to him

A. No, none to Riverview.

What about the Greenbrook farm

I sold them, well, before Mr. Hatch, you over there sold Doug Hodgdon, at the time, an irrigation

Yes.

And then, while Mr. Hatch was in operation there I sold him some irrigation pipe.

You sold them some irrigation pipe

and I sold them new tractor and a new boiler.

- Milton Cerny -

Mr. Hatch?

A No, none that I can recall of.

THE COURT:

Q Any cattle deals?

A Well, nothing that---

Q I might as well show you, Mr. Maloff, a chattel mortgage---

A Yes.

Q From you and Mr. Hatch to Mr. Kettels---

A That's right.

Q On the 19th of December, 1963, covering 51 grade heifer cows, 10 grade hereford heifers, and 8½ sacks of hay, in the sum of $9,500.00, which you agreed to pay to Mr. Kettels, $2500.00 on December the 1st, 1964, $2500.00 December the 1st, 1965, $2500.00 December the 1st, 1966, and $2,000.00 December the 1st, 1967. I don't know whether there is any interest on it, or not, but---

A No.

Q That's the deal that you left him with?

A That's the deal, yes. There is another deal, that's the deal, yes.

Q Yes. Probably should have that marked.

MR. MOSCOVICH: F-20.

CLERK OF THE COURT: F-20.

THE COURT: No, F-19a.

CLERK OF THE COURT: 19b.

THE COURT: B, that's right.

Mr. Moscoso?

A No, none that I can recall of.

THE COURT

Q Any cattle deals?

A Well, nothing that--

Q I might as well show you, Mr. Mabry [illegible] to be--

A Yes.

Q From you and Mr. Head [illegible] Mr. Kersel

A That's right.

Q On the 19th of December, 1963, [illegible] grade [illegible] and 10 grade heifers. [illegible] day in the sum of $9,500.00, which you received [illegible] cattle $8500.00 on December the 1st, 1964, $2500.00. [illegible] 1963 $2500.00 December the 1st, 1966 [illegible] Mr. Lefemoser the 1st, 1967. I don't know whether [illegible] or not, but---

No.

That's the deal.

That's the deal, yes. There is another deal, [illegible] $10 [illegible]

[illegible] should have been marked

A. Moscoso? P-20.

A That is right.

EXHIBIT NO. F-20b.
Chattel mortgage.

Q And you owe $19,000.00 on

THE COURT: Alright, go ahead.

A Yes.

MR. WEIR:
Alright, fine.

Q There were no other transactions involving you and

MR. WEIR:
Mr. Hatch, then?

Q Has this [illegible] ticular [illegible] have [illegible] on

A No, except this cattle deal, and the machinery I have
any [illegible] I anticipate [illegible]
mentioned.
Transaction, yes.

Q Will you tell us a little bit more about this cattle

A This is what I [illegible] is.

transaction?

Q Now, this occurr[illegible]

A This, I am also selling real estate. We sold this ranch to
[illegible] sheet [illegible]
a fellow from Raymond, here, Mirza Pack, that ranch, and the
and it [illegible] ters to corr[illegible]
cattle was left over from there, and Kettels wanted us to
recei[illegible] and [illegible]
take these cattle on, and Mr. Hatch said that Central Feeders
liabilities and [illegible]
couldn't do it, so he said "Why don't you and me take it on",
and then [illegible]
and we took on these cattle on this contract.
2,000.00 [illegible] is.

Q When was this?
That's right.

A It was last year, sometime.

Q Yes, and referring to the [illegible] [illegible]

THE COURT: December the 19th, is the one. What
and then, less withdrawals [illegible] 369.51 [illegible] [illegible]
is the other one.

A That's right

THE WITNESS: 1963.

Q So then you both have withdrawn---

THE COURT: They are both dated December the 19th?

A Yes, we have withdrawn the money.

THE WITNESS: Yes.

THE COURT:

Q Are there two chattel mortgages, or just the one?

A There is two brothers, and there is a mortgage to each one.

Q Or, so that you owe both of them $9,500 [illegible]

A That's right.

Q And you owe $19,000.00 altogether?

A Yes.

Q Alright, fine.

MR. WEIR:

Q Has this particular, have you made any accounting yet on any profits, or anticipated profits on this particular transaction, yet?

A This is what it is.

Q Now, this document is headed, your name and Stewart Hatch, balance sheet as at December 31st, 1963, cattle operations, and it refers to current assets, cash and bank accounts receivable, and inventory, in the total sum of $13,598.30, liabilities and capital, current accounts payable, $18,795.00, and then capital, indicating share of all profits, you $2,000.00, and this is referring to the other exhibit?

A That's right.

Q Yes, and referring to the two amounts both of you received, and then, less withdrawals, $9,349.54, is that correct?

A That's right.

Q So then, you both have withdrawn---

A Yes, we have withdrawn the money.

Q This sum of money? I see.

Then there appears to be a loss here, so far.

MR. MOSCOVICH: That will interest the bank.

MR. PROWSE: We don't pay it.

MR. WEIR:

Q You have got a whole armful of papers, I am curious, what else have you got for us?

A I haven't got very much more, except, he has most of the cheques, except--- Some of these cheques are some that are transactions which I have here.

Q I see. Well, in an effort to save on time, I am wondering, would you mind if we had these marked and we will later return them to you after we have had an opportunity of examining them?

A Yes.

Q It is certainly nice that you have brought your documents in to us. You are the first person that has brought such detailed documents, Mr. Maloff. Could we have these marked, then?

A You want everything there? I don't know if---

Q Well, is everything related to these transactions?

A Not quite everything, no.

Q Well, would you extract what isn't connected with it, then?

A Fine.

Q This isn't connected with it?

A No, that is connected.

Q This is connected with it.

A I think just the things that you need I have, like, I have these cheques which you have in here, I don't think you need them. I could give you this cheque back.

Q You have got cheques that I have here?

A That the Association has paid.

THE COURT: That's right. Alright. Fine.

MR. WEIR:

Q Well, are these all involving these particular transactions?

A Yes.

Q Would you mind if we examined them later and decided what we feel we need?

A Yes.

EXHIBIT NO. F-20d
Documents re Peter Maloff.

THE COURT:

Q Mr. Maloff, you received certain settlements of cattle, purchases by the Association, is that correct?

A That's right.

Q Which you disbursed to---

A To the people I---

Q To the people you bought from?

A That's right.

Q I notice your name quite a few times in receipt of substantial cheques?

A Yes.

Q And you would, what, take your 25¢ out?

A Yes, and pay the---

Q And pay the people from whom you had obtained the cattle?

A Yes.

Q I see. Fine.

MR. WEIR:

Q Are there any other transactions, now, involving Mr. Hatch and yourself, that you haven't drawn to our attention?

A No.

Q Are there any other transactions involving you and anybody else connected with the Association?

A No, not that I know of.

Q Did you know for certain that you were dealing with Mr. Hatch solely in these particular transactions that you have recited?

A Yes.

Q He didn't mention to you that there was a silent partner, at all, did he?

A No, never has.

Q Well, what conversations have you had with Mr. Hatch since March the 17th, 1964, that would be of interest to us in this inquiry, that would concern us in this inquiry?

A He told me that, sometime in March he told me that the Association was broke, and that they weren't going to be buying any more cattle.

Q Did he say anything else to you?

A No.

Q Did he refer, did he mention to you about any of the irregularities?

A No, he never has.

Q At any time?

A No.

Q Either before or after March 17th, 1964?

A No.

Q Did he mention to you that other people in the same position that you were in, as a cattle spotter, would be paying him a certain percentage of what was paid to them by the Association?

A No, I have never asked him that.

Q Did you discuss this matter with any other cattle spotters with the Association?

A No, I haven't. I didn't know of any.

Q No further questions.

THE COURT: Mr. Moscovich?

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q Mr. Maloff, you are a very shrewd and fine businessman, you are associated with real estate, the cattle business, etc., isn't that right, Mr. Maloff?

A Well, I don't know how shrewd. I am associated with some of them, yes.

Q Well, take it from me, you are. Now, you dealt with Mr. Hatch and you say that in the year 1963 you each made $2,076.47?

A That's right.

Q Being a businessman, as you are, of great experience, you saw nothing wrong with the deal that you were transacting with Mr. Hatch, otherwise you wouldn't have participated in it?

A Yes, I seen that it wasn't a very good deal after we started on it, but it was too late to withdraw.

Q You mean you weren't making as much as you wanted to make?

A I wasn't making as much as I thought I was going to make.

Q Yes. And you told my learned friend, Mr. Weir, that Mr. Hatch would come out with you and examine cattle when you spotted them?

A That's right.

Q And by spotting cattle, is keeping your nose to the ground and finding out who owns cattle, isn't that it?

A I suppose you could define it that way.

Q And you know the Cowley country very well, yourself?

A Yes, I do.

Q And you told us that in dealing, I think either with that document, that he told you that the Association would not assume that business?

A That's right.

Q And so the Association, not assuming it, everything was alright between you and Stewart Hatch?

A I guess.

Q Yes.

MR. LEITCH: No questions.

THE COURT: Mr. Prowse?

MR. PROWSE CROSS EXAMINED THE WITNESS:

Q Well, did all the cheques you received from Lethbridge Central Feeders get deposited to this Treasury Branch account in

Pincher Creek?

A Yes.

Q They all went into that account?

A That's right.

Q And that was in your name, was it?

A Yes.

Q But he had a power of attorney on the cheques?

A That's right.

Q Now, with regard to these cattle that you bought from the Kettels, where are those cattle now?

A He took them to his ranch first, down to Cardston, and from there he disposed of some of them, but the amount of money he deposited into the bank.

Q In which bank?

A The Treasury Branch, on my account.

Q Well, are the Kettels all paid off, now?

A They are paid up todate.

Q And are any of the cattle left?

A Yes.

Q Where are they?

A I have some, and Mr. Hatch is supposed to have some, I don't know where.

Q And you don't know where his share of them is?

A No.

MR. MOSCOVICH: Grande Prairie.

MR. PROWSE:

Q They all went into that account?

That's right.

And that was in Vi a name, was

Yes.

Q But he had a power of attorney.

That's right.

Now, with regard to those checks that go to pay from the

Kettela, where are those checks?

A He took them to his camp with him. [illegible] from

Q there he disposes of some of them but the money is

A re deposited into the bank.

Q In which bank?

A The Treasury Branch, on my account.

Q Well, are the Kettela are paid

A They are paid up today.

Q And are any of the checks in

Mr. Hatch is appointed in here, sworn, 1 8

Q When you made settlements, now, with these vendors of cattle, the men who were selling the cattle, did you charge them a transit insurance charge?

A Mr. Hatch usually fixed that, or the transit insurance charge was charged with the truckers that did that.

Q It was added on to the truckers account, was it?

A I believe so. I never recall too certain how it was operated. Most of these truckers carry insurance, and when they trucked the cattle in it was insured.

Q But did not you make a charge against the vendors for hauling the cattle?

A No.

Q You didn't?

A No.

THE COURT:

Q Mr. Maloff, was there a cheque that, do you remember issuing a cheque for $7500.00 to Mr. Hatch on July 30th, 1964?

A For how much?

Q No, not--- No, January the, no, it is around the first of the year, 63-64. $7500.00.

A He issued that, himself.

Q Yes. Out of your account?

A Out of my account, yes.

Q I see. And was some of that paid back to your account, at all?

A No.

Q ... ever you made settlements, too, with
... cattle, the men who were selling
charge them a transit insurance crate,
Mr. Hatch usually fixed that, or
charge was charged with the insurance
It was added on to the shippers account,
I believe so. I never recall ... were
operated. Most of these truckers left
when they trucked the cattle in ...
But did not you make a charge against ... a lot
hauling the cattle?
No.
You didn't?
No.
THE COURT:
Mr. Malott, was there a check issued
a cheque for $7500.00 to Mr. Hatch on
For how much?
No, not--- No, January the, no, it is around the first
of the year, 63-64. $7500.00.
Issue that, Hinsell.
Put it your account.

Q You don't know what happened to that?

A No, no.

Q I see. Now, is there anything, I have a note here, I don't know what it means actually, but it is something about the Walden Ranch. Is there any deal in there?

A That was one of the first deals we had.

Q Yes.

A And I have a little book here, it says exact dates in here, I used to put down, it was on March the 8th, we went out there to take a look at these cattle, and---

Q March the 8th, what year?

A 1963.

Q Yes.

A And I believe it was March the 25th, or somewhere near there, when we bought those cattle. Yes, March the 25th.

Q Yes.

A That there was quite a large number of cattle involved. I just can't recall how many at this moment, it went back quite a ways, but I know it was a large number, they were selling out, and---

Q Well, somebody suggests that there is a difference of $800.00 somewhere in that account. Do you know anything about it?

A If I can recall correctly, I received the cheque for about $500.00.

Q Oh, you received the cheque?

Q You don't know where happened to that

A No, no.

I see. Now, is there anything, then

know what it means actually, in

Walder Ranch. Is there any deal

A That was one of the first deals

Q Yes.

A And I have a little room

I used to put down, it was on that

there to take a look in these cattl

Q March the 8th, what year?

A 1963.

Q Yes.

A And I believe it was March

when we bought those cattle.

Yes.

That there was quite

A For commission---

Q For commission---

A On that cattle, yes.

Q Oh, I see, yes.

A And it seemed to me like there was about 250, or 300 cows involved.

Q Yes. So that that $500.00 that you received, the account could balance then?

A Well, that's when we first started the account.

Q Yes. No, but I mean, the purchase of the cattle from the Walden Ranch and the payment to you of 500, and the payment to Walden's of whatever money they got, should balance with the debit on the books of the, so far as you know?

A That, I don't know.

Q Oh, you don't know. That's all, thank you very much, Mr. Maloff. We will see that you get your documents back afterwards.

A Alright, thank you.

Q Your address is?

A Cowley.

Q Cowley, alright.

(WITNESS STANDS DOWN)

MR. WEIR: Eldon Trodden.

ELDON ROBERT TRODDEN, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Your name is Eldon Trodden?

For [illegible]

Q For commissions--

On that cattle. Yes.

Oh. I see, Yes.

And it seemed to me like there was about 270 or 280 cows involved.

Q Yes. So that that $300.00 [illegible] on received [illegible] account could balance them?

A Well, that's when we first started the account.

Q Yes. No, but I mean, the purchase of

Walden Ranch and the payment in the of 500, and the payment to Walden's of whatever money they [illegible] shown balance with the debit on the books of the [illegible] or was [illegible]

A That, I don't know.

Q Oh, you don't know. That's all though you very much Mr. Malott. We will see what we get your documents back afterwards.

A Alright, thank you.

Your address is?

A Yes.

Q And your residence address is where?

A Pincher Creek.

Q And what is your connection with the Lethbridge Central Feeders Association?

A I dealt through Ken Smith, he was a buyer.

Q He was a buyer?

A Yes.

Q Were you a cattle spotter, at all?

A Just a spotter.

Q You were a spotter. And what did you receive for---

A $1.00.

Q $1.00---

A $1.00 a head.

Q $1.00 a head?

A Yes.

Q Did you share any of your profits with Stewart Hatch?

A No, I had no dealings with Stewart Hatch at all.

Q You had no dealings with Stewart Hatch?

A No. Just straight through Ken Smith.

Q This was arranged with Ken Smith?

A Yes.

Q Now, you received your cheques from the Association?

A Yes.

Q For your cattle spotting?

A Yes.

Q And you made this arrangement with the Lethbridge Central Feeders Association through Mr. Smith, did you?

A Yes. Well, through, Ken Smith came to me and---

Q And he asked you if you would do this?

A Yes.

Q Did you have any connections, at all, with Stewart Hatch?

A No, no.

Q Or with anyone else connected with the Lethbridge Central Feeders Association, with the exception of Mr. Smith?

A No.

Q What was your business connection with Mr. Smith?

A Well, just knowing him, I just knew him. He came to me and said that they were paying for spotters, and that, I'd just phone him when these cattle come up.

Q I see. Would you share any of your profits with him?

A No, no share.

Q So you received a dollar a head, and you kept it, yourself?

A I kept it.

Q Did you have any discussions, at all, with Mr. Hatch?

A No.

Q Regarding the operation of the Association?

A None, whatsoever.

Q Did you have discussions with anyone else connected with the Lethbridge Central Feeders Association, the conversations of which might lend importance to this inquiry?

A No.

And you made this arrangement with the Leatherbidge General Association through Mr. Smith, did you?

A Yes. Well, through, Ann Smith came to me ...

Q And he asked you if you would do this?

A Yes.

Q Did you have any connections, at a ... with Frederic ...

A No, no.

Q Or with anyone else connected w... the Leatherbidge General Feedware Association, with the exception ...

A No.

Q What was your business connection w... Mr. ...

Well, just knowing him. A just like him. He came to me and said that they were paying for equipment and I'd just phone him when these cattle come up.

I see. Would you share any of your profits with him?

No, no share.

Q So you received a doll a head, and you kept it?

A I kept it.

Q Did you have any discussions, at all, with Mr. Hansen?

A No.

Q Within the operation of the Association?

Q No other questions, Your Honour.

MR. MOSCOVICH: No questions.

MR. LEITCH: None.

MR. PROWSE: No.

THE WITNESS: I have got slips here on that.

MR. PROWSE: How much did he make?

THE COURT: Oh, well, it's in the books, and the cheques---

That's all, thanks, Mr. Trodden.

(WITNESS STANDS DOWN)

MR. WEIR: Sam Kline.

SAM KLINE, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Your name is Sam Kline?

A That's right.

Q And you live in Lethbridge, Alberta?

A Yes, yes.

Q Were you here this afternoon, particularly during the testimony of Mr. Nilsson?

A Yes, I was here.

Q You were here?

A Yes. I was here at 2 o'clock.

Q Yes. I am showing you Exhibit A-16, Mr. Kline. This is a letter from the chartered accountant, Mr. Williams, to Mr. Houlton, and it involves the transaction that I have already gone over with Mr. Nilsson, and it refers to the

fact that Mr. Nilsson and Mr. Hatch received the sum of $2,497.37 in July of 1954, and also an amount of $1,752.27, each of them---

A Yes.

Q In a transaction involving you, on a one-third basis, which we have heard this afternoon.

A Yes.

Q Would I be correct in assuming then, that you received a same amount in proportion to these two cheques?

What are you looking at, Mr. Kline?

A This is how much money I received.

Q This is what you have received?

A Yes.

Q May I have a look at it, please?

A Sure.

Q This indicates that in 1954 you received $500.00?

A Yes.

Q And the next suggesting of a payment, or a receipt, is in 1957?

A Yes, yes.

Q So in 1954, on October the 18th, according to this statement you have here---

A Yes.

Q You received $500.00?

A Yes.

Q And yet, the other two people that were supposed to be

fact that Mr. Wilson and Mr. Hatch received the sum of $2 497.37 in July of 1934, and also an amount of $1 752.27, each of them---

A Yes.

Q In a transaction involving you, on a o which we have been this afternoon.

Yes.

Q Would I be correct in assuming same amount in proportion to theirs - the

What are you looking at, Mr. Kite.

A This is how much money I received.

Q This is what you have received?

A Yes.

Q May I have a look at it, please

A Sure.

Q This indicates that in 1934 you received $850.00

A Yes.

Q

So in 1934, on October the 18th, according to this

sharing two-thirds of the profit have each received $2,497.37, and $1,753.27. Does this seem strange to you?

A It seems a little strange, but maybe, just keep going from there, just keep agoing.

Q Okay. In 1957, on March 18th, 1957, you received---Well, who did you receive these monies from? This is from the Lethbridge Central Feeders Association?

A Yes, yes.

Q So on March the 18th, 1957 you received $1,209.35---

A That's correct.

Q And on ---

THE COURT: What is the date, March---

MR. WEIR: March the 18th, 1957, $1,209.35.

THE COURT: Yes.

MR. WEIR:

Q On December 19th, and according to this statement you received from the Feeders Association in, December the 19th, 1957, the sum of $600.00?

A Yes.

Q On October the 10th, 1961, you received the sum of $474.71?

A Yes.

THE COURT: 474.71.

MR. WEIR: 71, and then, immediately beside it is a figure, plus $2500.00, deposit returned.

A Yes.

MR. WEIR:

Dealing specifically of the profit, here again the $2,497.37, and $2,752.27. Does that seem -

A It seems a little strange, but maybe.

Q There, just keep on -

Q Okay. In 1957 on March 13th, - we are

Well, who did you receive these monies from - this is from the Lethbridge Central Feeders Association?

A Yes, yes.

Q So on March the 28th, 1957 you received $1,200 -

A That's correct.

Q And on ---

THE COURT: Wait is that 28th M

MR. WEIN: March 28th 1957 $1,200.41

THE COURT:

MR. -

Q On December 18th, and according to this statement received from the Feeders Association in December the 18th 1957, the sum of $600.00 -

Yes.

Q On October the 10th, 1961, you received the sum of $2,752.27 -

71, and then, January 8th

Q What does that mean?

A I gave one of the fellows a deposit on some cattle.

Q Yes.

A And he gave it back to me.

Q He gave it back to you?

A Yes.

Q Well, when----

THE COURT: When is that last date, Mr. Weir?

MR. WEIR: October 10th, 1961.

Q Now, you gave $2500.00 in, and you got $2500.00 back. One cancelled the other?

A Yes, one cancelled the other. How much money does that amount to?

Q Well, there is one more entry.

A Oh, oh---

Q Maybe we better go into that one.

A Go ahead, yes.

Q October the 31st, 1961, $729.31?

A That's right.

Q Now, in effect, this $2500.00, I want to get that straight---

A Yes.

Q This doesn't appear to be a profit that you received. You put the $2500.00 in and got $2500.00 back.

A That's right.

Q So the only profit that you received would be these five cheques here?

Q What does that mean?

A I gave one of who feelings a oppose's or some cashie.

Q Yes.

A And he gave it back to me.

Q He gave it back to you?

A Yes.

Q Well, when----

THE COURT: When is that last?

MR. WEIR: October 10th.

Q Now, you gave $2500.00 it, and - and $2500.00 back. One cancelled the other?

A Yes, one cancelled the other. You must money does at amount to?

Q Well, there is one more on

A Oh, no----

Q Maybe we better go into that one.

A Go ahead. Yes

Q October the 21st, 1951 $2123.32?

A That's right.

Q Now, in effect, this $2500.00. I want to get that straight.

A That's right.

Q Well, while we are talking, perhaps our financial clerk here can add this up for us.

Now, did you receive any other monies from the Lethbridge Central Feeders Association involving cattle dealings, at all?

A No, not that I know of. We got, this is what I got.

Q Yes. Now, in,--- What is the first entry there?

THE COURT: 1954.

MR. WEIR: 1954---

CLERK OF THE COURT: October 18th, 1954.

MR. WEIR: And how much is that?

THE COURT: 500.

CLERK OF THE COURT: 500.

MR. WEIR: 500.

Q Now, this was a share of profits, was it?

A That's right.

Q Involving who?

A Involving Stu Hatch, and---

Q And who else?

A And Don Nilsson.

Q Now, what was the understanding?

A The understanding was, we met one day in the office, and we got talking about feed.

Q Yes.

A And Stu Hatch said to me that we got places where we can

That's true.

Well, while we are talking, perhaps Mr. Financial Jack here can and this up for us.

Now, did you receive any other monies from the Lehrenkage Central Feeder: Association involv[illegible] Carlie Lehrenkage, at all?

A No, not that I know of. As for, in [illegible]

Q Yes. Now, Mr.--- What is the line of [illegible]

THE COURT. Up.

MR. WEIR. Uh---

CLERK OF THE COURT [illegible]

A WEIR: [illegible]

THE COURT: Yes.

CLERK OF THE COURT.

MR. WEIR:

Now, this was a share of [illegible]

That's right.

Involving what?

A Involving Sun Watch, and---

Q. And who else?

A. And Don Milner

[illegible]

[illegible] was, we had [illegible] day in the office [illegible]

[illegible]

[illegible] place where we [illegible]

put them out on feed.

Q Yes.

A Good, but what will we pay. Well, I can't remember now, you hear?

Q Yes.

A But I think it was 21¢.

Q Yes.

A I think it was 21¢ a pound, I am not sure, you hear?

Q Yes.

A But I think it was 21¢ a pound.

Q On the gain?

A On the gain.

Q Yes.

A Well, he says, I will speak to them fellows. So he went over and he spoke to, let's see, one was Ray Nelson, and what's his name, in---

Q There are some names here, this is in 54, there are some names mentioned in this paragraph?

A Yes, yes.

Q Do you see these names here that are referred to here, would these be the names?

A Do you know, I left my glasses. Could you read it for me, please.

Q Well, C. Peterson---

THE COURT: You should never leave your glasses at home when you come to court Mr. Kline.

THE WITNESS: You are right, Your Honour.

THE COURT: Yes.

THE WITNESS: I apologize for that.

MR. WEIR:

Q C. Peterson?

A Yes.

Q B. Gaszler?

A Yes.

Q F. A. Peterson?

A Yes.

Q Joe Toth.

A Joe Toth.

Q And then the next two names I am going to have difficulty pronouncing here, M-a-t-e-j-k-a.

A Matejka, or something.

MR. MOSCOVICH: Matejka.

MR. WEIR: Matejka.

THE COURT: Metziker is a rancher around Wrentham, isn't he?

THE WITNESS: Your Worship, it's not Metziker.

THE COURT: It's what?

THE WITNESS: No, I never heard him mention this name.

SPECTATOR: Matejka.

THE COURT: What?

SPECTATOR: Johnny Matejka.

THE WITNESS: [illegible] form behavior.

THE COURT:

THE WITNESS: Apologize for that.

MR. WEIR:

Q. C. Peterson?

A. Yes.

Q. B. Gaertner?

Yes.

P. A. Peterson?

Yes.

Q. Joe Toth.

A. Joe Toth.

Q. And then the next two name [illegible] you will verify pronouncing them. Ma-tu-ta-lka.

A. Matetika, or something.

MR. MOSCOVICH:

MR. WEIR:

THE COURT: Mr. [illegible] is a curious around Wrentham, isn't he?

THE WITNESS: You worried, it's not Mr. [illegible] it's what.

[illegible] No, I never heard him mention Matetika.

[illegible]

THE COURT: Matejka.

THE WITNESS: Oh, Matejka, oh, yes, oh, yes.

MR. WEIR:

Q And then G-e-d-r-o-s-a-k, Gedrosak, that's probably a murdering of the pronounciation of his name.

Well, these are the names, in any event, that are mentioned in this letter?

A That's right, that's right.

Q Whether they are or are not people---

A That doesn't matter.

Q Involved in here?

A Yes.

Q Now, what percentage of the profits or losses were you going to either receive or sustain?

A I was going to receive a third of the profits and I was going to take the losses, a third.

Q Right.

A Yes.

Q Now, who calculated the profit or loss on the transaction?

A Stu Hatch.

Q Now, you have seen, according to this letter, that Mr. Hatch and Mr. Nilsson have each received, well, approximately $2500.00 each in July, 1954, and then approximately $1,754.00 also, involving transactions in 1954-55. Now, does it seem strange to you that you have only received $800.00?

MR. MOSCOVICH: 500.

[illegible] Marcella.

THE WITNESS: Oh Mal-[illegible]

Q And then F-e-d-r-e-e-n-k, Fedreen that's probably a [illegible]

Q Will, these are the names, in any event, that are mentioned in this letter?

A That's right, that's right.

Q Whether they are or are [illegible] people [illegible]

A That doesn't matter.

Q Involved in here?

A Yes.

Q Now, what percentage of the profit [illegible] going to either robbie or [illegible]

A I was going to receive a third of the profits and I was going to take the losses, a third.

Q Right.

A Yes.

Q Now, who calculated the profit or loss on the transaction?

Stu Hatch.

Now, you have seen, according to this letter, that Mr. [illegible] have been received, well, approximately [illegible] in July, 1954, and then approximately [illegible] thereafter [illegible] Now, does it

MR. WEIR:

Q Or $500.00, excuse me.

If you were to receive one-third of the profits and you received $500.00, I would assume that the total profit to be divided would be $1500.00?

A I agree with you.

Q And yet, according to this letter---

A Yes.

Q It seems that Mr. Hatch and Mr. Nilsson received approximately $2500.00 in July of 1954, and in that same 54-55 period they also received, each, approximately $1,754.00.

A How much did I get, altogether, do you know?

Q Well, what have you added---

CLERK OF THE COURT: Do you want that 2500 taken off?

MR. WEIR: Oh, don't add the 2500, no.

THE WITNESS: Don't add the 2500.

CLERK OF THE COURT: $3,513.41.

MR. WEIR: 35---

CLERK OF THE COURT: 13.41.

MR. WEIR: $3,513.41.

THE COURT: What is the date of the $600.00 one?

MR. WEIR: December the 19th, 1957.

MR. MOSCOVICH: December the 19th, 1957.

THE COURT: I see the $1209.35, but I don't

see the 600.

MR. WEIR:

Q Well, was there some type of a loan between you and Mr. Hatch?

A Not on this.

Q Not on these profit and losses?

A No sir, not that I know of.

Q On any cattle dealings whether any, on any cattle dealings that you had with Mr. Hatch, after Mr. Hatch would calculate the profit would there be any notes exchanging hands, at all?

A No, no.

Q Well then, let's go back to this statement that you have----

A Yes.

Q Kindly prepared for us.

A Yes.

Q On October the 18th, 1954 you received $500.00?

A Yes.

Q You didn't receive any more money until March of 1957?

A Yes.

Q Now, does it, well, does it seem strange to you that Mr. Hatch and Mr. Nilsson have received considerably more money than you have received?

A I am going to be frank with you. I didn't know how much they received.

Q Didn't they ever tell you?

A No, no. Stu Hatch came into my office and every time, you

hear, he gave me a cheque, you hear?

Q And gave you a cheque for this amount?

A 500---

Q So in 1954 you got a cheque for $500.00 which, from what you knew, this was your one-third share of the profits in this venture?

A That's right. Or it could have been, it could have been that he sold only, maybe a few loads, and at that time, why, that's all the profit there was.

Q Well---

A I mean, three way split.

Q Well, back in July of 1954---

A Yes.

Q This is before you got any money, at all---

A Yes.

Q Each one of them have received approximately $2500.00, each one, both Mr. Hatch and Mr. Nilsson, according to this letter here.

A Well, I didn't get that.

Q You didn't know anything about this, at all?

A No, no, I didn't.

Q Now, Mr. Kline----

A Yes.

Q I am showing you some ledger cards which I have already gone over with Mr. Nilsson?

A Yes.

mean, we gave us a dispute, you been

And gave you a dispute for this amount

500.....

Q So in 1954 you got a check for $500 of this from was

you know, this was your one-third share of the profit

this venture?

A That's right. Or it could have been

that he said only, maybe a few loans and at that time

why, that's all the profit there was.

Q Well--

A I mean, times was spirit

Q Well, back in July of 1954--

Yes.

Q This is before you got any money at all--

Each one of them have received approximately $8500.00, each

both Mr. Hatch and Mr. Wilson according to this

Q One entry involves this Tollestrup Construction $882.00, and this is on the Jones and Kline account, I'd like to just refer to all of them in general, first.

A Yes, yes.

Q The next one is Jones feed account, and there are two entries, the Four Corner Body Shop, for 750. You have heard the evidence of this today?

A Yes, yes.

Q And the evidence about Mrs. Burrows bill of, or at least---

A Yes.

Q The Burrows bill.

A Yes.

Q And then this other account involving the N.A.B., Ray Nelson, and you see these series of one, two, three, four, five, six entries on that particular one we have been questioning---

A Yes.

Q Mr. Nilsson on.

A Yes.

Q Now, Mr. Kline, were you in any way involved in this conspiracy of entries involved in these three ledger cards?

A I have not.

Q Did you know anything about them, whatsoever?

A Nothing, nothing.

Q Did Mr. Hatch or Mr, Nilsson speak to you about the $740.00 automobile which Mr. Nilsson received, and you heard evidence on that?

[illegible], we have this Tollsbrup Corporation 4682.00 and this in on the Jones and Kilt [illegible] account [illegible] like to just refer to all of them if general, [illegible]

Yes. Yes.

The next one is Jones Feed account [illegible] and then [illegible] amounts, the Four Corner Dairy Shop, for [illegible] you have heard the evidence of this today?

Yes, yes.

Q And the evidence about Mrs. Burrows bill of [illegible] or so [illegible]--

A Yes.

Q The Burrows bill.

A Yes.

Q And then this other account involving the M.O.[illegible] [illegible] Wilson, and you see these series of [illegible] entries on that particular one [illegible] been investigating--

Yes.

Mr. Wilson on.

Yes.

Now Mr. Wilson, were you in any way involved in this [illegible]

[illegible] to your above regards [illegible] negotiation, and you [illegible]

A I never, I never heard that until today.

Q Did either one of them mention to you anything, whatsoever, concerning any goods that they had received?

Did you know, for example, that Mr. Nilsson had received a 1953 DeSoto?

A No, I didn't. I didn't.

Q When these discussions, or what discussions did you have with Mr. Hatch? Now, you say he calculated the profit?

A Yes.

Q And then he would come in and he would present you with a cheque?

A He come in to my office two or three times and gave me the cheque that was coming to me.

Q Yes.

A Yes.

Q He said, this is the amount of money that you have coming to you?

A So far.

Q Yes. In 1959 I don't see any cheques, whatsoever, is this correct?

A That's correct. That's correct.

Q Two in 1957, and two in 1961?

A That's correct.

Q What, if anything, did Mr. Hatch say to you when he presented these cheques to you in 1961, both of them in October?

A The only thing he said to me, he says "This is your share of

Q. I never heard them until today.

A. Either one of them mention to you anything whatsoever concerning any goods that they received?

Q. Did you know, for example, that Mr. [illegible] had received a 1953 Desoto?

A. No; I didn't. I didn't.

Q. When these discussions, or what did Mr. [illegible] did you have with Mr. Hatch? Now, you say he calculated ...

Q. And then he would come in and he would present you with a cheque?

A. He come in to my office. [illegible] I have time and [illegible] the cheque that was coming to me.

Yes.

Yes.

Q. He said, this is the amount of money that you have coming to you?

So far.

A. In 1953 I don't see any cheques. Whatever is [illegible]

[illegible] ...

[illegible]

Q. [illegible]

the profits".

Q On what transaction, now?

A On any one of these here transactions that you see that he gave me the cheques on.

Q Well, did he explain, for example, when you got this cheque for $500.00, on which particular contract feeding arrangement it involved?

A Well, I am going to be frank with you. I can't remember that.

Q And what about in 1957, can you remember him mentioning any specific names to you then?

A No, no---

Q When you got these two cheques?

A Maybe he did, you hear, but I got them cheques.

Q Yes, but you don't recall any names being mentioned?

A No, no.

Q About the contracts that were involved in this particular profit sharing?

A No, no.

Q Now, what about these two cheques that you received in October of 1961? Do you recall him mentioning any names to you that were involved in this particular contract cattle arrangement?

A No, I can't remember. If he had mentioned it to me I would have known at the time, you hear?

Q Yes.

[illegible]

In what transaction, now?

On any one of these here transactions that you see that he gave me the cheques on.

Well, did he explain, for example, when you got this cheque for $900.00, on which particular contract leading arrangement it involved?

Well, I am going to be frank with you. I can't remember that.

Q And what about in 1957, can you remember now mentioning any specific names to you then?

A No, no---

Q When you got these two cheques?

Maybe he did, you know, but I don't know them.

Yes, but you don't recall any names being mentioned?

No, no.

About the contracts that were involved in some particular profit sharing?

No, no.

Now, what about these two cheques that you received in October of 1961? Do you recall any more [illegible] any name that were involved in this [illegible] contract?

A But after that, I forgot.

Q Yes.

A Yes, but I got them cheques.

Q Do you recall a contract feeding arrangement involving Mr. Nelson and Mr. Jones?

A Yes. Well, we fed at Jones'.

Q You fed at Jones'?

A Oh, sure.

Q Well, Mr. Nilsson has presented us with some very interesting figures involving some profits that were calculated to have been received on the Jones and Nelson accounts. Here is Exhibit F-18, that was introduced by Mr. Nilsson this afternoon which indicated the approximate profit in the amount of $2,313.13, which was in connection with, as I recall, dealings in 1959. Were you ever advised about this?

A Well, they must have, they must have put everything in, I would say.

Q But, yet you didn't get any cheques in 1959.

THE COURT: I think you will find, Mr. Weir, that there are ledger cards, didn't we have, as a matter of fact, isn't that the ledger card you are looking at right there? The Kline-Jones ledger card. Isn't there one?

MR. WEIR: Yes, one of them is Jones and Kline.

THE COURT: Alright. Aren't there some debits, credits, and cheques, for example, here is, no, this isn't it, but--- Yes, credit H. A. Jones and Kline $8,078.38. Is

that in there?

MR. WEIR: Yes. It says, to close out contract cattle.

THE COURT: That's right.

MR. WEIR: May the 2nd, 1960.

THE COURT: Debit Terry Jones, 5,000, debit H. A. Jones, member, $4,496.86. Credit H. A. Jones feed account, $1,418.48, which paid for that conglomeration of things there, and then credit H. Jones and Sam Kline, $8,078.38.

I think Mr. Kline is forgetting that he was in these, probably some of these feeding arrangements. You don't recall all of them, do you?

THE WITNESS: That's right.

THE COURT: Yes.

THE WITNESS: That's right. That's correct. But they paid me, this is what they paid me.

THE COURT:

Q Yes, but what happened in this, what happened in that account, who got the money eventually, if there was any left?

MR. WEIR: Well, Your Honour---

THE COURT: After paying off the automobile and things?

MR. WEIR: The first, it is difficult to know, just looking at the ledger cards.

THE COURT: That's true.

MR. WEIR: May the [illegible]

THE COURT: [illegible] Deb. [illegible] Ferry [illegible]

H. A. Jones, member, [illegible] [illegible]

account, $1,411.43, which paid for the [illegible] [illegible]

things there, and then credit W. Jones [illegible]

$6,078.38.

I think Mr. Kline is forgetting that he was [illegible]

probably some of these feeding arrangements [illegible]

recall all of them do you.

THE WITNESS: That's [illegible]

THE COURT: Yes.

THE WITNESS: That's true. That's correct.

But they paid me, this is what they paid me.

THE COURT: [illegible]

Q. Yes, but what happened in this, was happened in their [illegible]

account, who got the money eventually, if there was any [illegible]

[illegible]

Well, we honour [illegible]

[illegible] by [illegible] in the [illegible]

[illegible]

Acts, [illegible]

[illegible]

THE COURT: Well, are there any cheques issued?

MR. WEIR: Well, it says, transfer of contract cattle, is the first one.

THE COURT: Yes.

MR. WEIR: First debit, and that says, $15,808.22, and that's all it says.

THE COURT: Yes.

MR. WEIR: This is in July the 31st, 1959, the same day, contract cattle, there is a credit of 38,000 some odd dollars, then there is a journal debit of $19,507.52, and then, immediately under that it says, from Jones feed account, J11, $2,050.00, and then comes Tollestrup Construction, paving, $882.42, into the account, then comes a credit of $8,078.31, that you have just referred to, Your Honour.

THE COURT: Oh, yes, yes.

MR. WEIR: Then another journal debit of $18,018.08, and another, and then there is an interest, which is put in, of $864.80, then another credit, transfer from H. A. Jones feed account, $18,582.88, which takes care of most of, or at least takes care of that payment a few minutes ago in that journal, probably is connnected with that. Then another interest, $13.50, and then the auditor has credited, on December the 31st, 1961, $313.56, leaving a nil balance.

THE COURT: So there is actually no cheques coming into that account, at all, as credits, they are all

journal, or transfers. So it would appear to me, from this journal entry, or voucher, that, I may be wrong, that these cattle were sold in the Jones members account, and then, in Garry Jones account, I don't know, and then credited to the Jones and Kline account. It is an awful mess.

Go ahead.

MR. WEIR:

Q But so far as you know, the amounts that you received were in accordance with that list of cheques that you have just handed to me?

A That's for them, on this here list.

Q Yes.

A Yes.

THE COURT: And there were none in 1959?

MR. WEIR: None, whatsoever, in 1959.

Q When you received, I am not sure I have this question answered, Mr. Kline, perhaps I have, I may have forgotten it, but in 1961, when Mr. Hatch presented you with these two cheques, in October, of 1961---

A Yes, yes.

Q Did he mention that this was in any way connected with some monies that you were long entitled to, involving transactions which moved around in 1959?

A No.

Q He didn't?

A He didn't mention it, because I'll tell you, I didn't know

anything. I never knew anything.

Q You have had your bookkeeper go over these entries, I presume?

A Yes.

Q And as a result of your bookkeeper going over all of the documents in your possession, this, these are the five cheques that you have been able to find?

A That's right.

Q And in spite of the effort of digging and searching you were unable to find any other cheques, particularly for 1959?

A No, no, that is correct.

Q What discussions, if any, did you have with Mr. Hatch after March 17th, 1964?

A Well, I will tell you the discussion I had with him. He came back just a couple of days later. He says, "Sammy", he says, "We can put out quite a few cattle on gain basis".

Q In 1964?

A No, that's---

Q No, I say, after March the 17th, 1964?

A 64, no,---

Q After the---

A I am speaking to start with.

Q Okay, fine.

A No, that's what I was talking about.

Q No, I meant recently, after the financial difficulty of the Lethbridge Central Feeders Association was apparent?

A I never fed with them any more.

Q Did you speak to him since March the 17th, 1964?

A Oh, yes, I spoke to him. Oh, yes.

Q What conversations did you have with him regarding the trouble that the Feeders Association was in?

A I don't know anything about the Feeder trouble. I didn't know anything about the Feeder trouble until, oh, that's quite a while after. Let's see, 64, 64. I didn't know anything about that trouble until I hear around the yards that it was bad.

Q Was this in the summer of 1964, approximately?

A Well,---

Q Closer to the spring of 1964?

A It was close, it was a few months before, it looked like they were in bad shape.

Q Wait now. A few months before, or after?

THE COURT: I think that he is saying that a few months before the blow-up there were rumours going around the yard, is that it?

A That's right, that's right.

MR. WEIR:

Q Oh, I see.

A That's correct.

Q And what discussions, if any, did you have with Mr. Hatch at that time?

A At that, you hear, I can't tell you the dates, or nothing, you see---

clean any more.

Q [illegible] to him since March the 17th [illegible]?

A [illegible] I spoke to him. Oh, yes.

Q What conversations did you have with [illegible] regarding the trouble that the Feeders Association was

A I don't know anything about the [illegible] know anything about the Feeder [illegible] quite a while after. Let's see. [illegible] anything about that trouble until [illegible] that it was bad.

Was this in the summer of 1964, [illegible]

A Well ---

Q Closer to the spring of 1965

A It was close, it was a few months before [illegible] they were in bad shape.

Q Wait now. A few months

THE COURT:

Q [illegible] few months before the blow-up the [illegible] and the yard, is that it?

A [illegible] right, that's right.

WEIR:

Q I see.

Q No, that's fine.

A Because I can't remember, you hear?

Q That's fine.

A And I says "Stu, does it look that bad?" "Oh, it's nothing", he says, "That wouldn't straighten out". That's all the discussions we had.

Q Did you have any discussion after it was very obvious, there were references in the paper, and no doubt over the radio and T.V.?

A Oh, well, after that discussion I didn't have to talk to him. I could see it in the paper.

Q So you didn't have any discussions with him, at all, after it was very evident?

A That's right, that's right.

Q I have no further questions, Your Honour.

MR. MOSCOVICH: Your Honour, I'd like to sign him up for Ed Sullivan's show.

THE COURT: Any questions?

MR. MOSCOVICH: I have no questions.

THE COURT: Mr.---

MR. LEITCH: No questions.

MR. PROWSE: No questions.

THE COURT: Alright. Thank you very much, Mr. Kline.

THE WITNESS: Thank you, Your Honour.

THE COURT: Anything else? That's all,

thank you.

MR. WEIR: I'd like to have this document marked, please, as an exhibit.

THE COURT: Oh.

THE WITNESS: Do you want that document?

MR. WEIR: Yes, I'd like to keep it.

THE WITNESS: Okay.

MR. WEIR: We will return it to you later.

THE WITNESS: Oh, I don't need it.

(WITNESS STANDS DOWN)

EXHIBIT NO. F-21
List of cheques.

MR. WEIR: Your Honour, that completes the 11 witnesses, I believe, or 12 witnesses for today. There are no more.

THE COURT: Very well. Tomorrow we have whom, Mr. Moriyama, Mr. Campbell, and who else?

MR. WEIR: We have two marked on the list, Your Honour, and I believe there are two others.

THE COURT: Two others coming?

MR. WEIR: Yes. There will be a total of four witnesses for tomorrow.

THE COURT: Supposing we get through with them in the morning, will Counsel be prepared to argue, or submit tomorrow afternoon?

MR. MOSCOVICH: Well, if you so direct us---

THE COURT: No, I am not directing you. I

am in the hands of Counsel. I know that we have been here now for three weeks, in all, and it is a considerable chore to review all of the various things that we have discussed, and all the evidence that has been given, and if Counsel wish to wait until Friday morning, I am quite content.

MR. WEIR: Your Honour, if you have a long lunch hour, tomorrow at noon hour, I would certainly be prepared to present my submissions in the afternoon.

THE COURT: Oh, I think we better have them all together.

Oh, I was going to ask Mr. Leitch, is it your intention to recall Mr. Williams, at all?

MR. LEITCH: I haven't made up my mind on that, yet, sir, but I will shortly.

THE COURT: Alright, but if you do, tomorrow afternoon.

MR. LEITCH: Fine, thank you.

THE COURT: Yes, and Mr. Prowse, any thought of recalling Mr. MacLean, at all?

MR. PROWSE: Well, I had given some thought to it, but I haven't quite decided yet, but it would be very brief.

THE COURT: Alright. If either Mr. Williams or Mr. MacLean are recalled, then we can do that tomorrow afternoon, if you wish to do so. Adjourn until 10 o'clock.

(HEARING ADJOURNED AT 4:17 P.M. UNTIL 10 A.M. ON JANUARY 14th, 1965)

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MR. WEIR: Your Honour, if you have a long lunch hour, tomorrow, as you have, I would certainly be prepared to present my submissions in the afternoon.

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MR. LEITCH: I haven't made up my mind on that, yet, sir, but I will shortly.

THE COURT: Alright, but if you do, tomorrow afternoon.

MR. LEITCH: Fine, thank you.

THE COURT: Yes, and Mr. Frowse, any thought of recalling Mr. Maclean, or not?

MR. FROWSE: Well, I had given some thought to it, but I haven't quite decided yet, but it would be very brief.

THE COURT: Alright. If either Mr. Williams or Mr. Maclean are recalled, then we can do that tomorrow afternoon, if you wish to do so. Adjourn until 10 o'clock.

(HEARING ADJOURNED AT 4:17 P.M. UNTIL 10 A.M. ON JANUARY 14th, 1964)

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